

War Costs and High Living Erode the 'Saudi Dream'
\$121 Billion Savings Gone in a Decade, And Government Now Borrows Abroad

The following article is based on reporting by Stephen Engelberg, Jeff Gresh and Tim Weiner and was written by Mr. Gerth.
New York Times Service

WASHINGTON — Saudi Arabia, long seen as one of the world's wealthiest countries, has undermined its financial stability with a decade of unrestrained spending, huge military purchases and irregular banking practices.

The \$121 billion in financial reserves amassed by Saudi Arabia less than a decade ago have almost vanished, drained by expenditures for weapons, social programs, foreign aid and the Gulf War.

The spending has far outstripped the tens of billions of dollars earned annually from the largest oil fields in the world, which the state owns.

Saudi Arabia began to feel the pinch in the mid-1980s, when oil prices fell sharply. Since 1983, the Saudis have racked up 10 consecutive years of budget deficits.

In 1992, according to the U.S. Department of Commerce, the deficit represented 9.2 percent of Saudi Arabia's gross domestic product, nearly twice the considerable U.S. figure. Other estimates, including those by the International Monetary Fund, are lower.

As the Saudis have forged ahead with ambitious plans to build a well-served modern state, they have spent their national savings, and now are beginning to buy on credit.

"The Saudis have been drawing down reserves for 10 years," a U.S. official said. "They're a mere shadow of their former selves."

With plenty of oil and relatively little foreign debt, the Saudis contend that they have financial prospects far better than those of most developing countries. "It's not a poor country," said a Saudi official. "It's not a scandal that we're not paying cash anymore. We have an infrastructure that will take us way into the 21st century."

Evidence of the Saudis' financial straits was supplied by Saudi business people and officials, U.S. foreign-policy and financial officials, Saudi documents and independent analysts in the United States, Europe and the Middle East.

These are among the troubles:

- Strains on the banking system, including

billions of dollars in uncollected loans to members of the Saudi royal family, the indictment in the United States of the head of the largest Saudi bank and sudden demands from the Saudi government to borrow money. Saudi banks took on a threefold increase of government debt from 1989 to mid-1992.

- Requests for billions of dollars in loans and credit guarantees from the West.
- Anxiety among international institutions, including the Bank of England and the International Monetary Fund. The staff of the monetary fund, in a secret report in 1992 on the Saudi economy, expressed concern about the country's budget deficits, which it said were fueled last year by military spending and a reluctance to trim social programs.

Until now, the Saudis have used their riches to buy security at home and abroad. The estimated 10 million citizens of Saudi Arabia pay virtually no taxes and enjoy an elaborate array of benefits, from education to health care.

In the region, the Saudis have spent tens of billions of dollars to buy off potential enemies from Iraq to Jordan to the Palestine Liberation Organization.

The Saudi ruler, King Fahd, keeps rivalries in check by allowing the kingdom's 4,000 princes easy access to the banking system, government subsidies and secret commissions on weapons deals, according to officials and business people.

Saudi officials have in recent months informed their U.S. counterparts of a fundamental decision: They intend to put the purchases of weapons first, and cut Saudi citizens' subsidies where necessary. But independent analysts, including the IMF officials, have raised questions about whether the Saudis had the political will.

The most recent IMF staff report on Saudi Arabia noted that the Saudis intended to continue payments to their neighbors in the Middle East. It quoted Saudi officials as saying that "political and social considerations precluded a reduction in subsidies or increases in fees and charges" to its citizens.

Although the report commended the Saudis for planning to make budget cuts, it said the cuts would not stop the Saudis' trade and budget deficits from deepening by billions of dollars over the next five years. "Such developments would be unsustainable and could cause damage to the economy," the IMF report read.

"There's a whole lot of things they can do that will let them slide for the next two to three years," said Patrick L. Clawson, a senior fellow at the National Defense University and former IMF economist. "But their underlying structural problems are enormous."

Saudi Arabia has a "one-stop" economy that underwrites a welfare state. The price of that crop, oil, collapsed in the 1980s, and today stands significantly lower than in the boom years.

Saudi Arabia's treasury began to reap the benefits from the pools of oil first discovered in



RELAYING THEIR JOY — The U.S. 400-meter relay team striking a jubilant pose after winning the gold medal on the last day of the World Athletics Championships in Stuttgart. Later, another American team set a world record in the men's 1,600-meter relay. Page 15.

Russia Delays Pullout From Lithuania and Halts Talks
It Renounces Deadline Of Aug. 31 and Warns Against 'Provocations'

By Fred Hiatt
Washington Post Service

MOSCOW — Russia said Sunday it was renouncing a commitment to withdraw all troops from Lithuania by Aug. 31 and it broke off talks with Lithuanians on the subject, according to a Foreign Ministry statement.

The statement and the subsequent cancellation of a meeting Monday between the two nations' presidents brought relations to their lowest point since the breakup of the Soviet Union in 1991.

The assertive tone by Moscow also reflected a growing inclination to claim special rights in former Soviet republics as part of Russia's "sphere of interest."

Because only about 2,500 troops remain in Lithuania, the practical significance of the Russian action is uncertain. In the past, troop withdrawals from that Baltic state and from its two neighbors, Estonia and Latvia, have proceeded despite statements from Moscow that they would be suspended.

But the developments are likely to set off alarm not only in Lithuania but also in Estonia and Latvia, where larger numbers of Russian troops remain.

The Lithuanian chargé d'affaires in Moscow, Richardus Degutis, said in a telephone interview Sunday night that the Russian action was "extremely troubling."

"The illegal presence of Russian troops on Lithuanian territory causes great anxiety," he said. "We continue to hope that Russia will fulfill its international responsibilities and meet the schedule for all troop withdrawals."

Moscow said in its statement that it would respond "pragmatically, swiftly and with utmost decisiveness" to any "provocations or other ill-considered actions" against the Russian troops, their families or any other Russians living in the Baltic republic.

It said it would notify Lithuania once it had revised its troop withdrawal schedule.

The Lithuanian president, Algirdas Brazauskas, responded by canceling a visit to Moscow on Monday, a spokesman said. Mr. Brazauskas had been scheduled to meet with President Boris N. Yeltsin to discuss the troop pullout.

Since the three Baltic republics won their independence from the Soviet Union, withdrawal of Soviet — now Russian — troops has been perhaps their primary foreign policy goal. Soviet forces, considered "occupation troops" by the West and by the new Baltic governments, built hundreds of naval, anti-aircraft and other facilities in the three republics.

In late 1991, as the Soviet Union was collapsing

In America, It's a New Money Game

By Steven Pearlstein and Jerry Knight
Washington Post Service

WASHINGTON — When Shirley Sandage of Frederick, Maryland, pulled the bulk of her six-figure retirement nest egg from Washington banks earlier this year and transferred it to a mutual fund company in Valley Forge, Pennsylvania, she joined a quiet revolution that is knocking banks from their once-dominant place in America's financial system.

"I want to retire, and I cannot retire unless I get more income," said Ms. Sandage, a program manager for the National Organization on Disability, a Washington-based advocacy group. By putting her money in mutual funds that will invest in stocks, bonds and a host of newfangled securities, she expects to earn several times the 3 percent return now offered on bank certificates of deposits.

Ms. Sandage has abandoned the conventional banking system as a borrower as well as a depositor. The mortgage on her house is held by a Philadelphia insurance company. Her MasterCard comes from a Delaware "bank" that has no depositors and exists to issue credit cards.

And a final twist: The insurer and the credit card firm each get some of their capital assets, compared with about half at the beginning of the 1980s. Banks have seen their share of the credit market drop to 44 percent from 68 percent over the same period.

Several developments lie behind this shift of power and money.

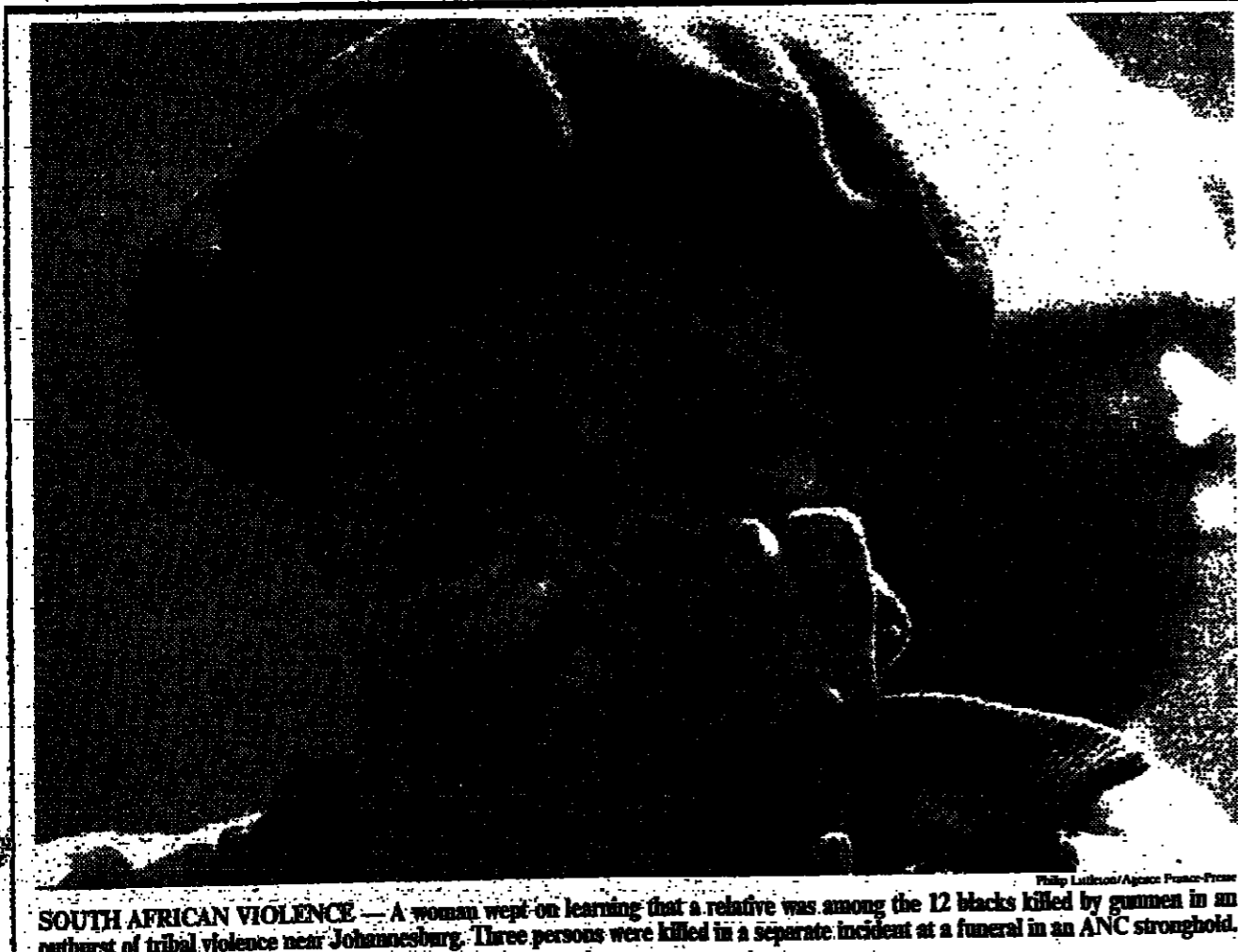
One is the rise of the mutual funds, which manage \$1.7 trillion and are growing at the rate of \$25 billion or more each month. At various times over the last two years, money market accounts — mutual funds that buy IOUs from blue-chip companies that need to borrow money for a few months — have had as much money to them as all the checking accounts in U.S. banks. Stock mutual funds, like those chosen by Ms. Sandage, account for 30 percent of the trading on the New York

Fahd Names Council As Forum for Debate

The Associated Press

RIYADH — King Fahd has designated 60 citizens to a consultative council, which has no power but is Saudi Arabia's first forum for public debate.

The council is seen as a step to broadening the government's base. Council members are religious leaders, government officials, businessmen and professionals. The radical opposition is not represented.



SOUTH AFRICAN VIOLENCE — A woman wept on learning that a relative was among the 12 blacks killed by gunmen in an outbreak of tribal violence near Johannesburg. Three persons were killed in a separate incident at a funeral in an ANC stronghold.

Kiosk

Managua Hostages Caught in Gunfire

Leftist gunmen holding 35 hostages in Managua opened fire Sunday when journalists abruptly moved nearer the building they had occupied.

The police said the gunmen thought they were under attack. No one was wounded in the brief outbreak.

The kidnapping came in retaliation for the seizure by rightist contra rebels of 37 officials last week in northern Nicaragua.

Rebel groups from both the left and the right are rapidly creating a climate of violence that threatens more upheaval in a nation that has survived more than a decade of civil war. (Page 4)

General News

Kuwait seeks the release of 627 of its citizens it says are still held by Iraq. Q & A. Page 2.

Israelis reacted frostily to a human rights report condemning young Palestinians' deaths at the hands of the army. Page 2.

Bosnian Muslims are expected to rebuff Geneva plan on nation's partition. Page 4.

A Japanese minister set off a battle by suggesting that the focus of a war museum be changed. Page 5.

Business/Finance

Japan's trade minister said the country's surplus threatens the world economy. Page 7.

Microsoft is the target of a second U.S. anti-trust inquiry. Page 11.

Bridge

Page 4.

Book Review

Page 4.

Can a Week of Talks Cure What Ails Bonn and Paris?

By Brandon Mitchener
International Herald Tribune

FRANKFURT — For Germany and France, once steady allies but lately given to trading barbs, this is supposed to be a busy week of reconciliation.

Trade friction will top the agenda Tuesday as Foreign Minister Klaus Kinkel meets his French counterpart, Alain Juppé, in Dresden, and the two nations' top agriculture officials talk in Paris.

On Thursday, Chancellor Helmut Kohl is to meet with Prime Minister Edouard Balladur in Bonn for talks on the speed of European union, while the Bundesbank's governing board is to discuss recent currency turmoil — and possibly a new cut in interest rates — in Frankfurt.

Both Germany and France sought to play down the significance of this week's meetings,

Killing Widens Algeria Rift

By Youssef M. Ibrahim
New York Times Service

CAIRO — Gunmen killed former Prime Minister Kasdi Merbah of Algeria in an escalation of the war between the country's socialist society and Muslim fundamentalists who are trying to replace it with an Iranian-style Islamic republic.

The murder late Saturday of Mr. Merbah, 55, who has been known as a vehement opponent of Muslim fundamentalism, will deepen a rift in

India's National Airlines and Their Calamitous Tale

By Molly Moore
Washington Post Service

NEW DELHI — For four decades, flying India's bumbling national airways has been a traveler's nightmare of snarled ticket agents, overbooked flights and planes that routinely leave hours, if not days, after their scheduled departure time.

Enter the age of economic liberalization and the introduction of private airlines. See the smiling attendants. See the planes that don't leave passengers stewing in hot airports because their seats were given to government bureaucrats. Taste the free beer and champagne.

See the government-run airline squirm.

Since January, Indian Airlines, the largest national domestic carrier — often rated one of the worst in the world — has suffered a 46-day pilot strike, four hijackings and two crashes. Meanwhile, private airlines have been luring away passengers by the thousands.

The sky wars between India's competing private airlines and the government's longtime monopoly, which includes Air India, the international carrier, is the kind of fierce capitalist competition unseen in this country for 40 years.

The airline industry is one of the most potentially profitable of those catering to India's burgeoning middle class. Nonetheless, the battle over the nation's skies has become the most vivid example of the struggle the government faces in efforts to reform its rigid, Soviet-inspired economy.

Although Prime Minister P.V. Narasimha Rao's senior administrators have mandated a new "open skies" policy, the bureaucracy has done everything in its power to thwart the new carriers. It forbids private companies to publish schedules, refuses to give them hangar space and ties up delivery of imported spare parts for weeks.

"The sky may be open, but the ground is not," said Sabu V. Chacko, regional manager for East West Airlines, the largest of the four major private airlines.

While Mr. Chacko and other airline officials spend hours in court and in the offices of stubborn bureaucrats, the promotion departments of the new airlines are taking the fight to the flying public.

They offer free beer and champagne to business-class fliers, food earned by some of the biggest hotel chains in India,

A Lost Day in Paradise

The Associated Press

KWAJALEIN, Marshall Islands — Talk about a lost weekend. The nearly 3,000 Americans living on this remote Pacific atoll have a good excuse for not remembering Saturday night: There wasn't one.

Residents went to bed Friday night and woke up Sunday morning. That was because at midnight Friday Kwajalein jumped from one side of the international date line to the other.

Aug. 21 didn't exist here. "It's a stealth day," said Roy Clemans, an army spokesman.

The Marshall Islands, a group of about a hundred islets of which Kwajalein is the largest, are west of the international date line. But Kwajalein had synchronized its day of the

STATESIDE / HOBNOBBING WITH BUBBA

POLITICAL VOICES

Free-Swinging Perot Aims at Clinton Plan

TROY, New York — In his first speaking tour of New York state since becoming a political force, Ross Perot criticized the Clinton economic plan, called for rejection of the North American Free Trade Agreement and urged his supporters to make a difference in elections at all levels.

Medical School Head to Lead Health Agency

WASHINGTON — Davidatcher, president of Meharry Medical College in Nashville, Tennessee, was named director of the Centers for Disease Control and Prevention.

Goldwater Chides His Party on Gay Bill

WASHINGTON — Former Senator Barry Goldwater, who for years was the conservative voice of the Republican Party, says it is "just plain dumb" for Republicans to oppose homosexuals in the armed forces.

Quote/Unquote

President Clinton on the health-care overhaul plan: "Only the United States has 1,500 separate health insurance companies writing thousands of different policies, requiring millions of people to keep up with the paperwork in doctors' offices, in hospitals, in the insurance companies themselves. We're going to have one basic insurance form instead of thousands. We'll reduce nightmarish paperwork that now requires four times as many clerical workers to be hired as new health-care providers, just to keep up with the mountains of red tape."

Away From Politics

- A Denver publisher of a political newsletter has been "back to school" special, and 100 people responded. The newsletter's office line was supposed to have been included in an ad for musical instruments.

Martha's Vineyard? Blasé? Not About First Vacationer

Compiled by Our Staff From Dispatches

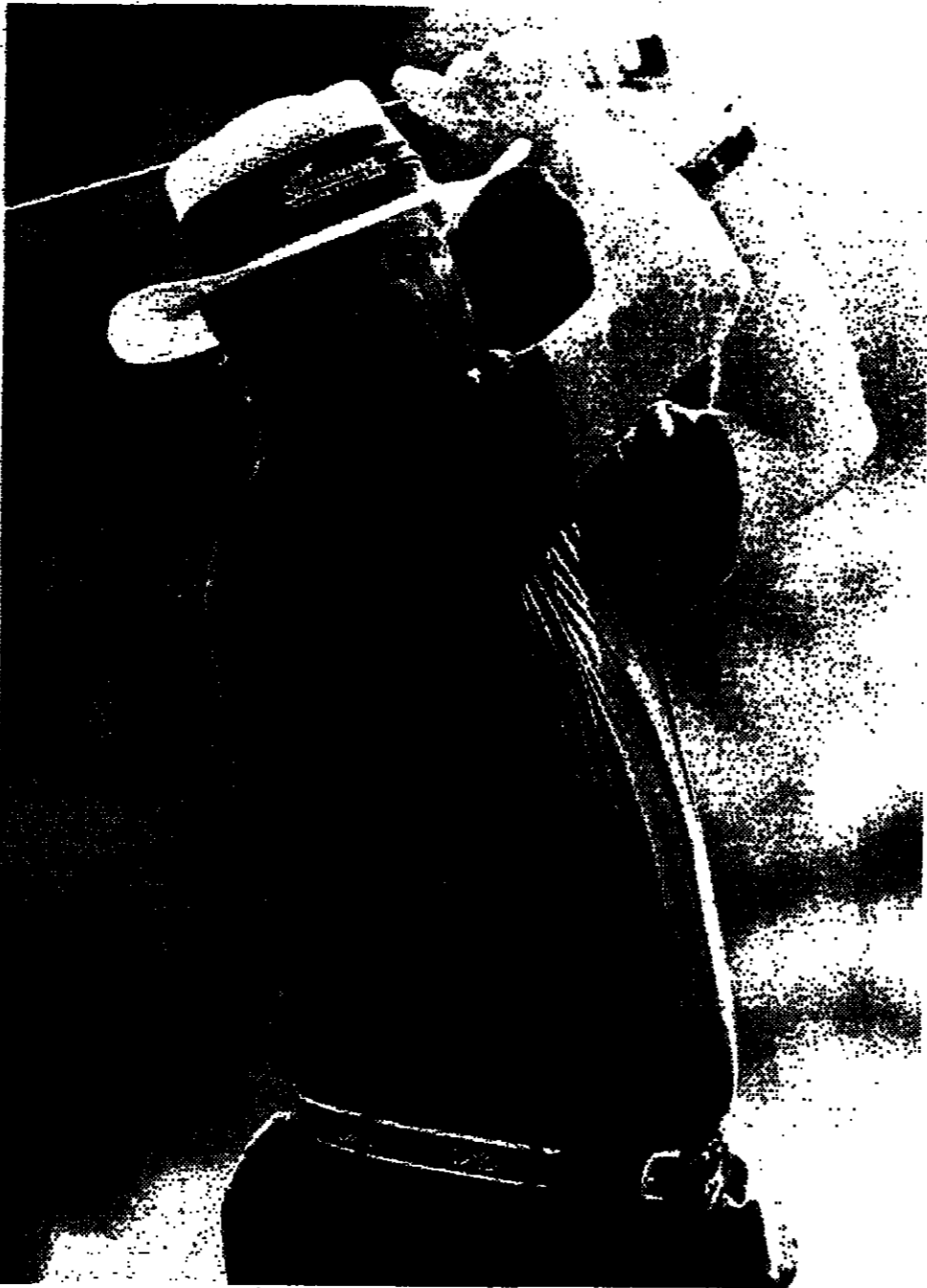
EDGARTOWN, Massachusetts — Martha's Vineyard was supposed to be an island unfazed by people of power, privilege or prominence. A place where Jackie O — no full name needed — can shop for groceries undisturbed, without sunglasses.

Upon their arrival, Mr. Clinton and his daughter, Chelsea, take a look at an arts and crafts exhibit. As they emerge from the exhibition hall, Chelsea has a look of terror on her face when she sees the awaiting throng. Mr. Clinton, shaking hands with the well-wishers and signing autographs, seems unflinching by the commotion.

limousine. Hundreds lurk along the golf links where Mr. Clinton is rumored to be teeing off.

bash at the home of Vernon E. Jordan Jr., the presidential adviser. The biggest name on the guest list was Jacqueline Kennedy Onassis. She caused a minor stir by leaving the island earlier Thursday, but was back in time.

guest, admitted he was skipping some events and predicted that even the hardest would start to poop out soon.



Mr. Clinton teeing off for a round of golf at the Farm Neck Country Club on Martha's Vineyard.

96 Years Later, N.Y. Museum Sends Eskimo Bones for Burial

By Michael T. Kaufman

NEW YORK — Six weeks ago employees of the American Museum of Natural History packed four skeletons into separate boxes and shipped them to Greenland.

he asked Admiral Peary to bring back an Eskimo. Admiral Peary brought back six — four men and two women — exhibiting them to paying customers aboard his ship. Hope, before taking them from dockside to be housed at the museum.

nationalistically tinged quest to become the first man to stand on the top of the world.

Rodney King Faces a New Charge

Los Angeles Times Service

LOS ANGELES — Rodney G. King, whose videotaped beating by police officers in Los Angeles generated a national furor and ultimately triggered riots there, was arrested on suspicion of drunken driving after his car crashed into a wall.

dent occurred at 1:40 A.M. Saturday, near downtown Los Angeles. He was taken into custody without incident. It was his fourth arrest since the internationally televised 1991 videotaped beating.

no other vehicles were involved in the incident. While the police said that Mr. King's arrest did not receive any special handling, they acknowledged that department supervisors quickly went to the scene when they learned whom they were dealing with.

AMERICAN TOPICS

Rural Ghettoes Grow in Mississippi Delta

Throughout the Mississippi Delta and the other poorest parts of the South, small towns that were once economically stable and racially mixed are becoming pockets of poverty and overwhelmingly black — 75 percent to 100 percent so.

power, only to inherit the dust of economic abandonment.

Some experts, according to The New York Times, say a new kind of ghetto is evolving: rural instead of urban, but sharing many conditions of the inner city: white flight, black poverty, a disappearing job base, reliance on government welfare payments, rising crime and social isolation.

This is taking some of the heft off one of the great success stories of the South, its rising tide of black elected officials. Many of them have come to political

country. A spokesman said the company hopes eventually to include all 700. Patients will be given chips to redeem at pharmacies.

From the gorilla remains all alone in his 40-by-40-foot (12-by-12-meter) concrete enclosure in the zoo corner of the B&J Shopping Center in Tacoma, Washington, despite years of picketing by animal rights activists who want him sent to a zoo where he can mingle with other gorillas.

among the owners; one of them now wants Ivan sent to a zoo.

Christine Craft became a household name 10 years ago when she was dismissed as a television anchorwoman in Kansas City on grounds that she was neither young nor pretty enough.

Arthur Higbee

The key to international banking: the Swiss bank with the largest worldwide presence.

Advertisement for Swiss Bank Corporation, featuring the text "The key to international banking: the Swiss bank with the largest worldwide presence." and contact information for various offices.

Advertisement for the International Herald Tribune, listing daily content such as "Monday MONDAY SPORTS", "Wednesday STAGE ENTERTAINMENT", "Friday LEISURE", and "Saturday-Sunday ART / THE MONEY REPORT".

Serbia's Health Catastrophe

UN Sanctions on 'Pariah' Block Medicines
By Henry Kamm
New York Times Service
BELGRADE — Dr. Bozidar Vlacic bent over the comatose child and glumly checked the equipment that pumped a kind of life into the 4-year-old boy.

Bosnians Expected To Bar Peace Plan

SARAJEVO, Bosnia-Herzegovina — President Alija Izetbegovic said Sunday that the new plan for his republic worked out in Geneva could not be accepted and would be rejected by an assembly later in the week. His statement, made at a news conference just hours after it was reported from Geneva, indicated that his government would continue trying to win more concessions from the Bosnian Serbs and Croats.

of the Red Cross. The medical situation here, they said, is "catastrophic."

They cited a rapid increase in tuberculosis, a tripling of the death rate in mental hospitals in less than a year, a drop in immunization, deaths due to a lack of transportation to hospitals, lack of transfusion equipment and shrinking capacity to do life-saving surgery.

For lack of sedatives, mental hospitals have returned to chaining patients, they said, and diagnostic capacity is declining because equipment, largely imported, has been broken down and X-ray film is scarce.

Supplies needed to test for the virus that causes AIDS are running out, they said, and some hospitals perform transfusions with blood that has not been tested for hepatitis.

Moreover, the officials continued, hospital and personal hygiene and water purity are at risk for lack of such basic supplies as detergents and disinfectants, and for fuel to collect garbage and heat water.

Yugoslavia depends on imported raw materials for its pharmaceutical industry, and an evident cause of the medical shortages is the embargo on exports, which can earn foreign currency.

But the three international officials attributed the situation largely to Serbia's pariah status since the war in Bosnia broke out.

They cited the UN Sanctions Committee's delays in approving requests for imports; former suppliers' unwillingness to sell anything to this country despite approval; blocking of payments from Yugoslav accounts in foreign banks, and bureaucratic delays caused by border and customs officials.



A Spanish member of the UN force in Bosnia trying to cheer up a wounded boy in a makeshift hospital in Mostar.

Muslims' 3-Month Purgatory in Mostar

By John Pomfret
Washington Post Service
MOSTAR, Bosnia-Herzegovina — Selma Handzar looks like a mangled doll who has lost her right arm. The 9-year-old squints at the world from a face covered with tiny red craters.

Mr. Thornberry said that he hoped the besieging forces of the Croatian Defense Council would allow an aid convoy in soon, but that he has had no promises. "I don't think they have many days left to hang on," he said, emerging shaken from the ward where he had visited the wounded children.

It was on Friday that a mortar shell fired by Croats on the west side of the Neretva River blasted into the Handzar family's garden on the east side and left the children lying in the dirt. It was a tragedy that has occurred with appalling regularity.

Leftists Holding 35 In Managua Open Fire

MANAGUA — Leftist gunmen opened fire Sunday when journalists abruptly moved on the Managua building where the group was holding about 35 hostages, including Vice President Virgilio Godoy Reyes, the police said.

The gunmen fired after several foreign and local reporters managed to get through a police cordon and ran toward the building. The guerrillas apparently mistook that for an attack, a police spokesman said. No one was reported injured.

Radio Ya broadcast the sound of gunfire. The shots soon stopped, but more firing was heard about 15 minutes later.

The hostage-taking by leftists at the headquarters of the National Opposition Union alliance came in retaliation for the seizure by rightist contra rebels of 37 officials on their way to peace talks with insurgents in the north of the country.

Yeltsin Cabinet Member Falls in Scandal

By Lee Hockstader
Washington Post Service
MOSCOW — A few hours after his name took off for Africa, Sergey Y. Glazyev, Russia's 32-year-old foreign trade minister, received an urgent summons from his government. Return to Moscow at once, said the message.

Mr. Yeltsin has promised to hold early elections this fall to replace the anti-reform Russian parliament, his main antagonist. Leaders of parliament have vowed to block any early ballot.

Mr. Glazyev said in his resignation letter: "Opposition turned into open persecution of myself" as soon as the new rules were announced. Saying he had been ousted by a cabal of top government officials, including Justice Minister Yuri K. Kalmykov, he also pointed to a "power struggle by mafia bands feeding their interests threatened by the actions of the ministry to bring order to foreign trade."

WEEKEND: Crossing the Line

Continued from Page 1
Celeste Kim, a nurse. "You're not sure if you're coming or going." She added that national holidays, like the upcoming Labor Day, will be taken on Saturdays, which are Fridays in the United States. Instead of Tuesdays, which would be Mondays.

BOOKS

Geneva's undoing is set in motion when she visits several Arab couples toting an item she purchased at Banana Republic: an Israeli paratrooper's flight bag. After spending time within this novel's skewed world of show business, it becomes difficult to know when the author is making things up. But mostly, in explaining Hauck's amusingly jaundiced outlook, there is the way that television writers are customarily treated.

BALTICS: Moscow Cancels Troop Withdrawal Plan

Continued from Page 1
ing, Mr. Yeltsin supported Baltic independence and promised to withdraw Russian troops. But nationalist pressure at home, in particular over the treatment of Russian-speaking minorities in the republics, complicated the process.

caused by Soviet troops over the last 50 years. Russia rejected the claim. The Moscow paper Izvestia reported earlier that Lithuania was seeking \$440 billion. Mr. Degutis, the Lithuanian chargé d'affaires, said that such a figure may have been discussed but Lithuania had made no specific demand and was only seeking to assure that Russia would agree to negotiate compensation in the future.

BRIDGE

By Alan Truscott
THE biggest theoretical gulf between experts and average players lies in the first few bids. Those who wish to close the gap should read "Preempt From A to Z" by Ron Anderson and Sabine Zenkel, available for \$17.50, including mailing, from A-Z Books Inc., 40 East Ninth Street, No. 908, Chicago, Illinois 60605.

of the method, opened the East hand with two diamonds to show spades. This was in the final of the Springfield Teams a decade ago, and he was uninhibited by the vulnerability because his team was trailing by 40imps.

A diagram showing a card layout for a bridge hand. It includes North-South and East-West hands with specific card counts for different suits: spades (A, Q, 8, 5, 3), hearts (A, 7, 2), diamonds (K, 10, 8, 6, 4), and clubs (A, K, 7, 5, 2). There are also some specific card symbols like ♠A, ♠Q, etc.

North-South unaccountably failed to consider after he had opened with a bid showing spade length.

ARTISTIC DIFFERENCES

By Charlie Hauck. 238 pages. \$21. William Morrow & Co.
Reviewed by Janet Maslin
WITH a title meaning either "I quit" or "you're fired" in Hollywoodese, "Artistic Differences" is a caustically funny account of star temperament within the world of network television.

are other ways of having the last laugh. "Artistic Differences" is narrated by Jimmy Hoy, who dreams up sitcoms together with his literary-minded partner, Neil Stein. (Their noticeably less well-read secretary, Sharon, who is planning a trip to Florida, asks about Virginia Woolf. "Did she just write about the Orlando area?" When Sharon hears someone mention that Henry Fielding wrote "Tom Jones," she adds, "and Tony Richardson directed.")

Geneva's undoing is set in motion when she visits several Arab couples toting an item she purchased at Banana Republic: an Israeli paratrooper's flight bag. After spending time within this novel's skewed world of show business, it becomes difficult to know when the author is making things up.

What they're reading
■ Marnet H. Johnson, former vice chairman of the Federal Reserve Board, is browsing in the 12-volume 1857 edition of "The Collected Works of Edmund Burke." "His attacks on the French Revolution and his thoughts on political reform in Britain are instructive in the way he argues against radical change. He teaches where the balance lies in accomplishing reform."

China Vows a New Corruption Fight

By Nicholas D. Kristof
New York Times Service
BEIJING — The Communist Party has announced a major crackdown on corruption, with President Jiang Zemin warning that graft threatens the future of the party itself.

and let it run wild, our party will be ruined, the people's power will be lost and the great cause of socialist modernization will be forced off track." But he added, "Our party, our cadres and our people will never allow such consequences."

In Japan, Close Combat Over a War Memorial

By James Sterngold
New York Times Service

TOKYO — Half a century after World War II left more than 20 million people dead across Asia, Japan seemed to have turned a historical corner with its long-delayed admission that the brutal policies of the imperial government brought on the suffering. Accounts of atrocities that were long suppressed, admissions of responsibility and expressions of condolences finally broke through the decades of evasions.

"I myself believe it was a war of aggression, a war that was wrong," the new prime minister, Morihiro Hosokawa, said in a deceptively simple statement, the first of its kind. It was just part of an outpouring of remembrances of the horrors Japan inflicted on the region in a war that is still the subject of surprisingly ambiguous feelings here. Mr. Hosokawa was expected to revisit the issue on Monday when he delivers his first policy address to parliament.

The new attitude has gained such momentum that last week the new minister for health and welfare, Keigo Ouchi, suggested

that the focus of a long-planned memorial museum to commemorate the 50th anniversary of the war's end ought to be changed. He said that instead of merely showing the hardships the Japanese endured, the museum should show the suffering of the millions of other Asians, too.

That was when Sakae Suehiro felt he had had enough.

Mr. Suehiro, 66, is director of the Japan War-Bereaved Families Association, which represents the families and descendants of war casualties and has been a key participant in the planning for the new museum. The idea of the government's sullying the memories of the war dead with apologies or suggestions of wrongdoing left him outraged.

Two weeks ago, for instance, the departing government of Prime Minister Kiichi Miyazawa finally admitted that the Japanese military had coerced women from one end of Asia to the other into providing sex for Japan's invading armies at government brothels known as "comfort stations."

Mr. Suehiro, who was in Korea during the war, remarked: "I think many of these women

accepted the invitation of businessmen who operated the 'comfort stations' because they needed the money to help their families. I never heard before of forced recruitment or that the military was involved."

Mr. Suehiro insisted Japan had been provoked into attacking Pearl Harbor by an American economic embargo, not expansionism. The war Japan waged against China in the 1930s, he added, was a response to attacks by Chinese Communist guerrillas.

Until recently, Japan had largely ceded authority for interpreting and storing memories of World War II to a small group of associations, like Mr. Suehiro's, imbued with a singular mission — to preserve a sense of Japanese pride and dignity despite the defeat. The government had often depicted the Japanese as victims of an evil war nobody wanted.

Some have gone further, characterizing the war as a blessing in disguise for the region. "We cannot say that the Japanese justification for execution of the war, creating the Greater East Asia Co-Prosperty Sphere, had the universal aim of liberating neighboring

Asian countries," said a recent editorial in the Sankei Shimbun, a leading newspaper. "On the contrary, we ended up creating a grave disaster."

"But as a result, it brought their independence from colonial rule by the great Western powers," it continued. "We have to restrain ourselves from claiming it too loudly, but there is no question that that is an historical fact."

The \$120 million memorial museum, whose groundbreaking is expected in a few months, is shaping up as the battleground between these differing views.

All sides agree that the museum should discourage the nation from embarking on another war and that it should portray the "correct" history of the war. The problem is that what was correct several weeks ago may no longer be.

The version of events presented by Mr. Suehiro and other groups was largely accepted in various documents prepared by the Health and Welfare Ministry, which is in charge of the museum's construction.

Japanese Exchange Student Dies of Wounds in California

SAN FRANCISCO — A Japanese exchange student shot in the head and left on a California street died in a hospital after his parents decided to turn off a life-support system, a hospital spokeswoman said.

Masakazu Kuriyama, 25, never recovered consciousness after be-

ing shot twice in the head by unknown assailants, said a nursing supervisor at the hospital in Walnut Creek.

He was found lying near a commuter railroad station in Concord, 30 miles (50 kilometers) east of San Francisco, early Friday. Despite several hours of surgery, Mr. Kuriyama suffered severe brain dam-

age and was on life support systems with no hope of recovery, the spokeswoman said.

His parents, who flew from Japan after being told of the attack, made the decision to switch off the life-support system soon after arriving at the hospital on Saturday, she said.

Mr. Kuriyama's parents did not

speak to the press, but in a message passed through the student's American host family, they said they did not blame Americans.

It is the second time in a year that a Japanese exchange student has been shot and killed in the United States. In a highly publicized case in October 1992, a Louisiana man shot and killed a 16-

year-old exchange student, Yoshihiro Hatori, when the teenager mistakenly knocked at the door of his house while looking for a Halloween costume party.

In the Louisiana case, the assailant was charged with manslaughter but acquitted by a jury last May. The acquittal caused outrage in Japan.



PRAYERS FOR MOTHER TERESA — Nuns at Mother Teresa's convent in New Delhi praying for the Nobel Peace laureate, 82, who is in a local hospital with malaria. She is in stable condition after developing respiratory problems due to "underlying heart disease," doctors said.

Taipei's Challenge: The China Question

By Kevin Murphy
International Herald Tribune

TAIPEI — Although bruised by factional power plays and occasional fistfights between delegates, Taiwan's ruling Nationalist Party or Kuomintang, closed its week-long National Congress on Sunday more unified publicly than it had begun.

But solidarity reigned, analysts say, in part because the Kuomintang never deeply discussed the country's single most complex and emotional issue: what to do about relations with mainland China.

This meeting was about the sharing of power within the party, said Lu Ya-fu, a Taiwan University professor, describing moves by Lee Teng-hui, the country's first native-born president and party chairman, to strengthen ethnic Taiwanese control of the party.

"Any serious debate would have demonstrated the real lack of unity in the party on this important issue," said Mr. Lu. There are sharp divisions among party members on mainland affairs, but they are lukewarm about reunification with China, a doctrine cherished by the Kuomintang since it arrived on a mass in 1949.

The China question, which forms the core of any debate about Taiwan's economic, political and cultural destiny, will be the key to future elections.

"The future regarding China is a very serious problem," Mr. Lu said. "But many people would rather not confront it."

Taiwan's three national parties are struggling to formulate policies that will both appeal to voters and cope with the challenge posed by the massive political and economic changes involved in China's rapid growth and the return of Hong Kong to Beijing's rule in 1997.

In the years after the Communist victory in 1949, when the Kuomintang was transforming itself from a vanquished army into Taiwan's ruling elite, China policy was simple: Stay armed and save resources

needed for an eventual triumphant return.

Now, with both countries transformed by capitalism, circumstances have changed more quickly than formal relations acknowledge.

With two-way indirect trade estimated by Beijing to hit \$10 billion this year, and with many Taiwan manufacturers relocating to the mainland, regulations have become ineffective in the face of high profits.

Taiwan's current policy forbids direct mainland investments and trade or transportation links, which makes continued free access to Hong Kong after 1997 vital for Taiwanese business interests.

"Water always flows from high to low places," said Taiwan's foreign minister, Frederick Chien, of a largely clandestine flow of investment estimated to have surpassed \$10 billion.

Mr. Chien and other officials guiding Taiwan's foreign policy face difficult choices. China's economy grows as a low-cost manufacturer, export powerhouse will cease to exist at Taiwan's expense if it cannot play a greater role in China's rise as an economic power.

But how can Taiwan, which is already nervous about snowballing mainland investments, get further involved in the profits without risking its economic independence?

"We must not consider the People's Republic of China to always be an adversary," said Mr. Chien. "In certain areas there may be compatibility."

Votes have been deserting the long-governing Kuomintang, which last week reconformed that it seeks reunification with the mainland but which is moving too slowly for many of its supporters, particularly the business community.

"We don't want to change overnight," said the Kuomintang spokesman, James C.Y. Chu. "Relations have made progress incrementally. Business wants to move faster, but if we lose our national security there will be no protection for their investments."

INDIA: Shaping Up the Airlines

Continued from Page 1

India and abroad for his real estate business.

The government-owned airline is trying to strike back.

Indian Airlines has made noticeable improvements to its food service and has started to hold lottery drawings for free tickets. Its slightly glossier international sister, Air India, has gone further, adding four new wide-bodied Boeing planes to its fleet, serving champagne, vodka and imported chocolates, and dishing up first-class meals on china.

Still, it is the government bureaucracy that is the toughest competition for the private airline companies.

Senior government officials may be pushing reforms, but unbureaucratic will make life difficult for the new carriers. Agencies responsible for issuing licenses for the import of planes and spare parts have held up critical deliveries for weeks.

The private airlines haven't been without their problems, however. The maiden flight of Jet Airways, whose pilots are trained in Australia, landed at a military air base rather than at Bombay's civilian airport when the pilot became confused. Authorities refused to allow the plane to resume the flight and threatened to arrest the passengers for unauthorized presence on a military base.

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On September 28th, the IHT will publish a Special Report on

GLOBAL BANKING & FINANCE

Among the topics to be covered are:

- China — a look at the implications for investors.
- Will mutual funds continue to drive other investments higher?
- Survey of the latest futures, options and warrants.
- Trading — an around-the-clock, around-the-world marketplace.

This Special Report coincides with the IMF Meeting in Washington, September 28-30. For advertising information, please contact Juanita Caspari in Paris at (33-1) 46 37 93 76.

Herald Tribune

OPINION

Herald International Tribune

A Better Deal for Bosnia

To break the expected deadlock about territory, international mediators have drawn up their own map of Bosnia and given the conflicting parties 10 days to consider it...

War Guilt: High Time to Admit the Truth

By Gregory Clark
TOKYO — Fifty years later, World War II finally looks like it's becoming an issue in Japanese politics...

A Monster Quietly Set Free

By Daniel J. Goldhagen
CAMBRIDGE, Massachusetts — With attention focused on the fate of John Demjanjuk in the Israeli Supreme Court...

Cambodians vs. Terror

Reports from the front indicate that the military forces of the parties that contested each other in Cambodia's elections have gone on a determined first joint offensive against their common foe, the Khmer Rouge...

Japan's Asian Neighbors Require a Full Apology

By Lee Poh Ping
KUALA LUMPUR — The new Japanese government appears to be making some genuine attempts to acknowledge the past...

Among the Millionaires

Has Bill Clinton, restlessly seeking a summer White House he can call his own, found his Cass Attain in Martha's Vineyard...

Your Health Gets Harder To Pay For

By James K. Glassman
WASHINGTON — Daniel Patrick Moynihan, that rare member of Congress who is not embarrassed to be called an intellectual...



...white superiority and Japan's attempt to assert its superiority by imposing a "co-prosperity sphere" on the region...

Other Comment

The Lesser Risk for Russians
On Aug. 12, Boris Yeltsin called for an early parliamentary election in Russia this autumn...

IN OUR PAGES: 100, 75 AND 50 YEARS AGO
1893: On Orthography
PARIS — For some time past there has been a large party in the Académie Française in favor of a reform of French orthography...

International Herald Tribune contact information and subscription details, including names like Katharine Graham, Arthur Ochs Sulzberger, and Richard McLean.

BUSINESS

International Herald Tribune, Monday, August 23, 1993

CAPITAL MARKETS

Germany Loses the Role Of Low-Yield Benchmark

ONDON — German government bond yields, for years the lowest in Europe, used to set the floor for European bonds generally. But nothing lasts forever. Yields in several European bond markets either have dropped below German levels or are heading in that direction.

The reason: Investors are coming round to the view that, while inflation seems to have been tamed elsewhere in Europe, Germany is still wrestling with it and will have to keep short-term interest rates high to win the battle.

In the interest-rate futures market, prices currently indicate that short-term rates in many countries are expected to go below those in Germany. The futures contract for three-month French interest rates is anticipating 5.67 percent rates in December, compared with 5.99 percent on Eurobonds. Three-month sterling rates are 5.42 percent.

Despite the Bundesbank's stance as the archenemy of inflation, Germany's neighbors have been doing a better job of squeezing it out for some time. Still, investors have been wary about relying on governments to keep it squeezed.

Inflation in the Netherlands has been all but stamped out, but it still took the Dutch until the beginning of this year to get the yield on their 10-year bonds below German levels.

"There's definitely an inertia factor," said Alison Cottrell, an analyst at Midland Global Markets. "It took years for people to believe Dutch inflation would stay low."

Dutch inflation has been stable, at below 5 percent, in at least the past six years, and has been below 2.5 percent for all of 1993. By comparison, Germany's inflation rate has been stuck above 4 percent all year.

Yields in other markets have also dropped faster than in Germany. At the beginning of the year, investors were demanding a 100-basis-point yield premium for holding French rather than German government debt. At the beginning of this month, French yields briefly fell below German levels for the first time. Now, 10-year yields in both markets are at about 6.34 percent.

Even British government bonds, which were expected to be under pressure from Britain's £50 billion borrowing requirement this year, have closed the gap with Germany.

The message investors are sending through these shifts in yields is clear: They no longer see Germany as the most inflation-proof market in Europe and are beginning to feel more comfortable lending their money elsewhere.

The amount of new government bonds likely to hit European markets also leaves Germany in the slow lane as far as declining yields are concerned. New German debt is expected to total about \$171 billion this year, twice as much as France's and more than double Britain's.

Their comfort level is likely to grow, with bond yields in Germany declining more slowly than in other markets.

How investors should try to ride that shift is unclear, however, because the Deutsche mark is likely to remain strong while Germany's neighbors slash interest rates.

Taiwan Market Beckons Foreigners

By Kevin Murphy
International Herald Tribune

TAIPEI — Taiwan is moving to ease foreign investors' access to its stock market through a series of regulatory changes that will culminate in a doubling of the market-share total open to outside funds.

But not everyone is happy with the central bank's decision because the new \$5 billion ceiling for total foreign investment, expected to be announced this week, would equal only 4 percent of Taiwan's market capitalization. The ceiling is less than half the target urged by the country's Securities and Exchange Commission.

And the regulatory changes — which also include doubling the maximum amount of stock individual foreign investors may hold, to \$100 million — may not go far enough to

overturn Taiwan's reputation as a difficult market, according to local analysts.

Lin Yung-wei, manager of S.G. Warburg Securities in Taipei, said the central bank was "taking the view that it will see how the situation goes before it increases it any further."

The differences typify a struggle between a young generation of regulators seeking to internationalize Taiwan's markets and powerful bureaucrats at the central bank giving monetary independence a higher priority than opening the country to foreign capital.

"More and more people are voicing support for a further relaxation of capital flows," said Chen Chung-hsing, general counsel of the SEC, a leading proponent of capital market reform. "This consensus will help the central bank agree this is the way to go."

Taiwan's application to join the General Agreement on Tariffs and Trade and the

significant economic changes that have occurred since the country first allowed foreign investment in the stock market have helped those who support greater liberalization of a capital market that features the world's largest cache of foreign currency reserves.

When it opened to international investment in January 1991, regulators imposed strict limits on foreign ownership and introduced a lengthy approval process for potential foreign investors.

Although the SEC's recent reforms will cut some of the paperwork, the rules remain a practical disincentive to investors who weigh Taiwan's relative value to other regional markets against its lengthy approval process and restrictions on capital movement.

"The moves are a plus, but it's not a quantum leap," said a local analyst.

See TAIWAN, Page 11

Trade Minister Exhorts Japan To Cut Surplus

TOKYO — The new trade minister warned Japan on Sunday that it must slash its huge trade surplus or risk destroying the world economy. "If Japan's trade surplus continues, it will be one factor leading to the destruction of the world economy," Hiroshi Kumagai, minister for international trade and industry, said on television.

The Japanese trade surplus increased in July for the 31st straight month.

On a customs-cleared basis, it jumped to \$11.82 billion from \$9.23 billion in July last year, the close of trading in New York on Thursday. The surplus with the United States climbed to \$4.68 billion, from \$3.81 billion a year earlier.

This big imbalance was a key factor in the recent surge of the yen against the dollar, according to market analysts.

"I think that the currency market is sending a warning that if Japan continues with the same behavior, it will be in trouble," Mr. Kumagai during a debate.

Economic Planning Minister

Manne Kubota, also taking part in the debate, indicated that unless Japan took action to reduce its surplus the yen could rise again.

"The yen has not broken through 100 yen to the dollar and it's a good thing that it has stabilized," Mr. Kubota said. "But unless Japan changes its behavior, the yen will rise again."

The yen hit a record high of 100.40 yen to the dollar in Tokyo trading last Tuesday until intervention by the U.S. Federal Reserve Board helped push the currency down to 106 yen by the close of trading in New York on Thursday. It ended the week in New York at 104.20.

Mr. Kumagai affirmed that the new coalition government under Prime Minister Morihiro Hosokawa planned to draft a package of fiscal and monetary measures by late September aimed at boosting domestic demand and reducing the huge trade surplus.

He said one of the monetary steps could be a reduction in the discount rate, charged on Bank of Japan loans to commercial banks.

Central Banks Turn to Their Windows

By Lawrence Malkin
International Herald Tribune

JACKSON HOLE, Wyoming — Faced with slow growth throughout the industrialized world, central banks are discovering that the supposedly iron laws of money that served them in the long fight against inflation no longer work so well.

Old-fashioned judgment in steering economies toward clear inflation and growth targets is replacing the monetarist fashion of the 1980s.

As two European monetary crises in as many years have demonstrated, the vast pools of money sloshing around the world's financial markets can quickly overwhelm monetary authorities. In the United States, the breakneck pace of financial innovation is making the old measures of money supply moot; the same is happening more slowly in Europe and Japan as they deregulate.

That was the consensus here this weekend at the Federal Reserve's annual seminar and retreat, which often helps set the financial world's intellectual agenda (for the year). Participants included Alan Greenspan, the Fed chairman, and senior members of his staff; representatives of central banks of Europe, Japan and Latin America; academics, and Wall Street economists.

The background for the debate was the rise of money-market funds and mutual funds as savings vehicles outside the banks, whose more deposits and reserves traditionally

provide the fulcrum for any central bank's leverage on the economy.

Corporate borrowers now raise billions in the commercial-paper market and through financial companies outside official supervision, such as GE Capital Corp. Domestic monetary policy can no longer be isolated when an estimated one of every seven stock trades worldwide takes place between people of different countries; cross-border stock holdings were recently estimated by the International Monetary Fund at \$2.5 trillion.

With all this upheaval, Professor Benjamin Friedman of Harvard

said, the Fed's main monetary aggregate, M-2, has thrown off so many false signals that when it shifts, the central bank is not sure whether to buy or sell bonds to loosen or tighten the economy. No Fed official contradicted him, nor did any central banker challenge his recommendation that instead of being based on statistical rules, economic judgments "need to be made by real people, including some of those sitting in this room."

Mr. Greenspan recently told Congress that the Fed would try to target interest rates adjusted for inflation instead of money supply,

but this technique has been widely questioned. Even his senior monetary economist, Donald Kohn, said it was "no panacea" because "interest rates don't tie down prices." Making monetary policy, he said, is not just a matter of following money measures but of forecasting where the economy is going.

Mr. Kohn suggested a wider range of statistical variables, even though he said that relying too much on central bankers' judgment, which in the Depression and in the severe inflation of the 1970s resulted in "too little, too late."

This was too much for Alan Meltzer of Carnegie-Mellon University, a longtime monetarist, who demanded that central bankers lay down rules and stick to them. But Stanley Fischer of the Massachusetts Institute of Technology summed up the majority view by replying: "Ordinary people just want the economy to run well, like someone on an airplane. He just wants to get where he's going and doesn't care how much the pilot jiggles the stick."

Mr. Greenspan, listening intently, replied that following the elaborate sets of rules advanced by some monetarists would really mean setting policy by the seat-of-the-pants discretion of the authorities, who could pick and choose among them. He would only permit himself to wonder out loud: "Where is the dividing line between rules and

See FED, Page 9

Fed Lets Rate Policy Stand

WASHINGTON Post Service

WASHINGTON — At a meeting early last month, the Federal Reserve System's policymakers left unchanged the policy they adopted in May that leaned toward raising rather than lowering interest rates, according to minutes of the meeting released Friday.

However, the members of the central bank's policymaking group, the Federal Open Market Committee, made it plain they did not expect any change in rate soon, as inflation was lower than it was earlier in the year and economic growth seemed likely to remain moderate.

The minutes disclosed no sharp differences of opinion like those expressed at the May meeting, when the committee decided for the first time since mid-1989 to give the Fed chairman, Alan Greenspan, more leeway to raise rates than to lower them.

At last month's session, the only dissent came from Fed board member Wayne Angell, who wanted an immediate increase in the Fed's 3 percent target for the federal funds rate, the interest rate banks charge each other for overnight loans. Mr. Angell has dissented at the last several meetings, according to the minutes, arguing that the central bank was pumping too much money into the nation's banking system to be consistent with keeping inflation in check.

Japan's soaring yen Waiting for peace in Bosnia Leftist terrorism in Germany Attacks on Israelis in Lebanon Transformation in Russia

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Italy	500,000	275,000	150,000
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Netherlands	700	420	230
Norway	3,500	1,900	1,050
Portugal	47,000	25,000	14,000
Spain	48,000	26,000	14,500
Sweden	55,000	27,000	14,500
Switzerland	5,100	2,700	1,500
United States	3,900	2,000	1,100
West Germany	510	285	165

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THE TRIB INDEX

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Week ending August 20, daily closings. Jan. 1992 = 100.

Industrial Sectors/Weekend close	% Change
Energy	105.17 104.25 +0.92
Utilities	114.92 115.56 -0.65
Finance	118.99 120.24 -1.25
Services	115.52 114.73 +0.80
Capital Goods	103.27 101.78 +1.49
Raw Materials	107.01 105.02 +1.99
Consumer Goods	90.06 84.82 +5.24
Miscellaneous	109.76 106.18 +3.58

The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

© International Herald Tribune

CURRENCY RATES

Currency	Aug. 20
Australian dollar	1.48 1.48
Belgian franc	203 203
British pound	1.61 1.61
Canadian dollar	0.72 0.72
Dutch guilder	2.36 2.36
French franc	6.55 6.55
German DM	1.72 1.72
Italian lira	2036 2036
Japanese yen	161 161
New Zealand dollar	1.57 1.57
Spanish peseta	166.6 166.6
Swedish krona	8.48 8.48
Swiss franc	1.72 1.72
US dollar	1.00 1.00

Other Dollar Values

Currency	Per \$
Argentina	1000
Brazil	2000
Chile	500
Colombia	1000
Costa Rica	200
Cuba	240
Dominican	200
Ecuador	1000
El Salvador	100
Guatemala	100
Honduras	100
India	45
Indonesia	1500
Malaysia	2.50
Nicaragua	100
Pakistan	100
Panama	100
Paraguay	1000
Peru	3.50
Philippines	50
Poland	4000
Portugal	200
Romania	10000
Saudi riyal	2.50
Singapore	0.70
Sri Lanka	200
Taiwan	25
Thailand	50
Turkey	1.80
Uruguay	1000
Venezuela	200

Forward Rates

Currency	30-day	60-day	90-day
American dollar	1.5000	1.4995	1.4990
British pound	1.6000	1.6000	1.6000
Canadian dollar	0.7200	0.7200	0.7200
Japanese yen	161.00	161.00	161.00

Source: IBC Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Access France Presse (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (Washington). Other data from Reuters and AP.

London Notebook

Real Estate Firms Land Investors

In the last 12 months, shares in Britain's leading real estate companies have nearly doubled in value. "We've been very bullish on the sector," said Alan Carter, an analyst at James Capel. In fact, he insisted that the shares still rank as "unbelievably cheap."

Maybe not. True, central London office buildings are no longer shedding one-third of their value per year. But the current slower decline is scarcely the stuff of an investor's dreams. "It has now settled down to a comfortable minus 20 percent pace," said Tony Key, research director at Investment Property Databank.

Mr. Key said that his clients, large institutional buyers of buildings, are keeping their checkbooks locked in their drawers. The same clearly cannot be said for those wishing merely to buy shares in developers and not the actual girders and glass.

"Nine months ago, when the sector was really bombed out, it was difficult to persuade anyone to buy," said Naresa Gupta, a property share analyst with Paribas Capital Markets. Now, in the face of a surge in share prices, he said it was hard to persuade anyone to sell and take their profits. "Everyone is afraid they will miss out on the rally."

But with shares in such companies as Land Securities changing hands at prices nearly 30 percent above the value of the buildings it owns, many observers insisted the rally had already gone too far.

Australian Tourists Shine

In spite of the predictably poor summer weather, guidebook-clutching, lost-looking tourists from all over the world are flooding the streets of London, according to the London Tourist Board, there are more of them than any year since 1990.

Not content merely to count its bounty, the Tourist Board this year decided to test it. The results were sobering.

Some tourist thought Knightsbridge carried traffic from one side of the Thames to the other. Even far fewer of them knew that London's tallest building is neither "A. Nelson's Column" nor "C. The Lloyd's Building," but in fact is "B. Canary Wharf Tower."

Overall, the Australians achieved the highest number of perfect scores, getting all 11 questions right. They were followed by Germans, Americans and Canadians.

Morgan: Clouds Over Ukraine

In what may be the costliest sell recommendation ever made by a finance house, Morgan Stanley in London last week issued an exhaustive 24-page report on Ukraine and backed it up with a free 15-minute video starting the firm's chief strategist, David Roche.

"I guess it is a big negative message," said James Lister-Cheese, the report's co-author. It is hard to call it anything else. After a series of on-screen interviews with officials from the World Bank, the Ukrainian central bank and Finance Ministry, the camera closes on a statue of Lenin. "This man's ideas died because he failed to meet the needs of people," Mr. Roche summed up. "All the signs are the Ukraine's present government doesn't know how to either."

2,000 Guineas for Folly

There are not many fat, or even slim commissions available for seasoned British architects these days, but for students with 1,000 hours to spare there is hope. Next month, a prize of 2,000 guineas (£2,300, or \$3,476) will be awarded to the best entry in the Folly Festival Lawn-Piece Measured Drawings Award.

Why value the prize in a long defunct currency unit? "Because we are the Folly Fellowship," said Gwynn Heady, the organization's president, hinting at the oddity of it all.

By holding the competition, the fellowship hopes to build up an archive of meticulously detailed drawings such that if some of Britain's soft stick of whimsical, built-for-pleasure-not-purpose architectural follies should fall to ruin they could be recreated.

Largely built in the folly heyday of 1720 to 1830, many of them they range from miniature Greek temples to richly ornamented bridges that strictly speaking go from nowhere to nowhere.

Erik Ipsen

حکومت الاصل

سكنا من الاصل

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. August 20

Canadian Dollars

Table with columns: Issuer, Con, Mat Price, Yld, Trn. Lists various Canadian bond issuers and their details.

Table with columns: Issuer, Con, Mat Price, Yld, Trn. Lists various international bond issuers and their details.

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MUTUAL FUNDS

Figures as of close of trading Friday, August 20.

Table with columns: Fund Name, Bid, Ask. Lists various mutual funds and their prices.

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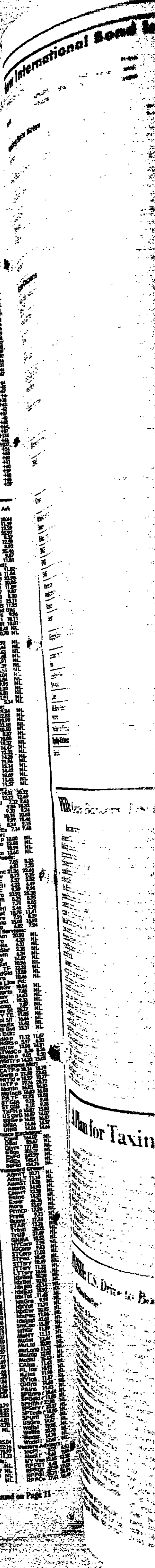
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Table with columns: Fund Name, Bid, Ask. Lists various mutual funds and their prices.



New International Bond Issues

Table with columns: Issuer, Amount (Millions), Maturity, Coupon %, Price, and Terms. Includes sections for Floating Rate Notes, Fixed-Coupons, and Equity-Linked.

U.S. Growth Hit by Slump In Building

By Jeanne Pinder
NEW YORK — Construction of office buildings, normally an important engine of American economic recovery...

While the recession has hurt all American construction, the hardest-hit part has been office space, where the worst of the overbuilding took place in the 1980s.

At the height of the boom in 1985, office construction was running about \$37 billion a year in constant 1987 dollars...

Prospects remain grim for many reasons: the slowness of the overall economic recovery, the huge backlog of overbuilding, the global economic slowdown...

The office-building market is not likely to see significant construction until 1997 at the earliest...

Still, there are those who benefit from what others call a crisis. Businesses can find better office space at lower rents...

Corporations Gear Up to Sell Bonds

NEW YORK — With U.S. bond yields trading at historic lows, corporate borrowers are expected to jump into the market this week...

U.S. CREDIT MARKETS

\$810 million of junk bonds are on tap as part of that, according to MCM CorporateWatch.

In the Treasury market last week, the 30-year Treasury bond ended the week at a yield of 6.22 percent...

Even if economic growth comes around in the second half of the year, people just don't believe there's any inflation...

expectation of inflation is the difference between yields on 30-year bond and two-year notes.

With that outlook in mind, corporations are reaching out to borrowers...

Moody's Downgrades Apple

NEW YORK — Apple Computer Inc.'s credit ratings were lowered by Moody's Investors Service Inc.

Moody's announced the cuts late Friday, a day after Standard & Poor's Corp. had taken similar action on Apple's debt ratings.

An Apple spokesman said although the company was "obviously disappointed" the move would not change Apple's operating plans...

treasurer of Potomac Electric. On Thursday, the utility sold \$100 million of 30-year bonds at a yield of 7 percent...

Some of the investors who own the new bonds include Japanese, who have as much as \$3 billion of the \$11 billion in 30-year bonds auctioned...

Some investors and traders do not like what they see at the long end of the Treasury market.

Moody's Downgrades Apple

NEW YORK — Apple Computer Inc.'s credit ratings were lowered by Moody's Investors Service Inc.

An Apple spokesman said although the company was "obviously disappointed" the move would not change Apple's operating plans...

The Week Ahead: World Economic Calendar, Aug. 23 - 28

Table with columns: Date, Event, Location. Lists economic events for Europe, Asia-Pacific, and The Americas.

FED: Central Bankers Try to Navigate in New World

Continued from Page 7
discretion?" But it was clear that he had long since abandoned faith in a simple monetary target in favor of "the wide variety of macroeconomic and financial variables" consulted by the Fed.

of rebuilding the EMS by avoiding commitment to any particular exchange rate and making continuous adjustments to the system.

Hans Tietmeyer, the Bundesbank vice president who is to become its chairman in October, canceled plans to attend the conference but sent a message in which he favored rebuilding the EMS by having all its central banks jointly set targets for their domestic money supply...

A Plan for Taxing the System?

JACKSON HOLE, Wyoming — One of the proposals that has been made to slow floods of speculative capital such as those that overwhelmed the European Monetary System this summer is a 1 percent tax on foreign-exchange transactions.

case, he said, "We might have waited longer, but we would only have been waiting until the disequilibrium was greater, and the adjustment would have been larger and more brutal."

Plans already announced to put a value-added tax on household fuel bills have angered some conservative politicians who say the move alienated voters.

China to Slam the Brake on Bonds

BEIJING — In its latest move to reassert economic control and keep funds in the banking system, China will sharply restrict the number of bonds that can be issued by corporations this year and block ones for new projects, an official newspaper said Sunday.

Mr. Lu told the newspaper that no bond-issue applications for new projects would be approved and that companies needing working capital would be urged to apply for bank loans rather than bonds.

U.K. Might Need Tax Increases, Official Asserts

LONDON — A financial official left the door open Sunday for tax increases to help curb public debt.

Mr. Portillo did not say whether direct or indirect taxes would be more likely to be raised, but he stressed that the Conservative Party was opposed on principle to high levels of direct taxation.

PUSH: U.S. Drive to Boost Exports

Continued from Page 7
weak on behalf of Boeing Co. and McDonnell Douglas Corp. marked a new level of commercial intervention by the White House.

source of federal export financing support, according to Kenneth D. Brody, chairman of the agency.

BusinessWeek logo and text: This week's topics: Will Yen Shock Open Japan? AT&T's Global Cellular Bet...

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Advertisement for ELYSEES COURT TERME, SICAV. Société d'investissement à Capital Variable. Siège Social: 8, avenue Marie-Thérèse / L2132 Luxembourg.

ELYSEES MONETAIRE, SICAV

Advertisement for ELYSEES MONETAIRE, SICAV. Société d'investissement à Capital Variable. Siège Social: 8, avenue Marie-Thérèse / L2132 Luxembourg.

Large advertisement for THE ASWAN OBEROI HOTEL. INVITATION FOR BIDS. THE ASWAN OBEROI HOTEL. OWNED BY THE EGYPTIAN GENERAL COMPANY FOR TOURISM AND HOTELS.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, August 20.

Table with multiple columns: Sales in 100s, High, Low, Close, Net Change. Lists various stock symbols and their trading data.

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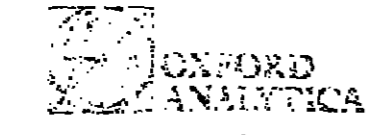
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WORLD STOCKS IN REVIEW

Amsterdam

The Amsterdam Stock Exchange moved higher last week... with the CBS All-Share Index closing at 246.2 points...

Frankfurt

The stock exchange gained 0.8 percent in a week of heavy trading... with the DAX Index closing at 1,922.68...

Hong Kong

Stocks soared to record highs during the week on good political and economic news... with the Hang Seng Index gaining 153.11 points...

Investors seemed happy with the cordial atmosphere at the Chinese-British negotiations over Hong Kong's political future in Beijing.

London

The stock market reached record highs during the week, boosted by hopes of interest-rate cuts and a jump in pharmaceutical shares.

Milan

Shares had a strong week, with the MIBEX Index rising 4.82 percent to 11,043 points...

Paris

The Bourse paused for breath after the collapse that followed the reorganization of the European Monetary System...

Singapore

The market closed at a record high Friday as shares climbed for the third consecutive week.

Taipei

The market was encouraged by a 67 percent increase in net consolidated profit at Credit Suisse for the first six months.

Zurich

Shares ended an up-and-down week with a small gain, helped by good Credit Suisse results and strength on Wall Street.

Washington

The Tokyo Stock Price Index, based on all issues listed on the first section of the exchange, ended at 1,659.19 points...

The Nikkei advanced Monday but fell for the next four days. Tuesday's drop was triggered by the surge of the yen against the dollar...

London

The market was encouraged by a 67 percent increase in net consolidated profit at Credit Suisse for the first six months.

Microsoft Faces New Inquiry

REDMOND, Washington — Microsoft Corp. pledged Saturday to cooperate with the Justice Department's inquiry into alleged anti-competitive behavior...

department said: "We expect to fully utilize all materials submitted to the FTC to avoid duplication. Besides the work already done, we hope to conclude the matter as promptly as possible."

SAUDI: From Oil Fortune to (Relatively) Hard Times

Continued from Page 1. The 1930s when price increases were imposed by the Organization of Petroleum Exporting Countries after the 1973 Arab-Israeli war.

entire annual budget of Saudi Arabia — was responsible for most of the country's current difficulties.

Euromarkets At a Glance

Table with columns for Eurobond, Euroswap, and other financial instruments, listing rates and terms.

Weekly Sales

Table showing weekly sales figures for various categories, including books and magazines.

Libor Rates

Table listing Libor rates for different currencies and maturities.

TAIWAN: Taipei Gears Up to Improve Foreigners' Access to Its Markets

Continued from Page 7. Social guard against mainland Chinese capital gaining a toehold in the Taiwanese economy.

The bank also was reported to have been concerned that substantial capital flows could distort the value of the Taiwan dollar, which was not heavily traded then.

At the time of its initial opening, Taiwan's stock market was overvalued in regional comparison and its small foreign float provided little incentive to enter the market.

Japan to Propose Pipeline

TOKYO — Japan plans to propose a major oil and gas pipeline from the former Soviet Central Asia through China to the Pacific, a newspaper reported Sunday.

Related problems of capital outflow and currency depreciation have given the SEC ample justification to extend a liberalization program it argues must continue to gain strength to prepare Taiwan for eventual entry to GATT.

While the SEC is working to develop stock market index and government debt interest futures to help build a sophisticated market-place essential to increasing foreign interest, Taiwanese securities' relative value will be the true test of foreign enthusiasm.

NASDAQ NATIONAL MARKET

Large table listing NASDAQ national market data, including company names, stock prices, and volume.

OTC Consolidated trading for week ended Friday, August 20 (Continued)

Table listing OTC consolidated trading data for various companies, including bid and ask prices.

MUTUAL FUNDS

Table listing mutual fund performance data, including fund names and returns.

Advertisement for Turkish Airlines featuring the word 'ISTANBUL' and the slogan 'Make a point of it. With Turkish Airlines.' Includes a map of flight routes and the Turkish Airlines logo.

SHORT COVER

Waigel Presses Case for Frankfurt

BONN (Knight-Ridder) — Finance Minister Theo Waigel said in an interview to be published Monday he would tell his EC partners that monetary union will only happen if Frankfurt is chosen as the site of the future European central bank.

Asked by the news magazine Focus from which city the future European currency would be guided and guarded, Mr. Waigel said: "From Frankfurt am Main, of course." Frankfurt is home to the Bundesbank.

He added: "We will make that very clear to our partners. Either the European central bank will come to Frankfurt, or this entire enterprise is not going to happen."

Mr. Waigel also said that even if the timetable of European monetary union is changed, the Maastricht treaty's criteria to converge European Community economies would not be altered.

Malaysian Chip Shipment Is Stolen

KUALA LUMPUR (AP) — A Malaysian electronics company has reported that 1.7 million ringgit (\$666,000) worth of microchips were stolen while being shipped to the United States, the police said Sunday.

The chips were shipped between April 22 and July 22. A Siemens AG unit in California recently notified its Malaysian subsidiary, Siemens Components Pte., of the theft, the authorities said.

Police suspect the chips were stolen at Kuala Lumpur's airport. On Thursday, 30,000 ringgit of chips were stolen at the airport's cargo complex.

EC Lends Hope to German Miners

BONN (Reuters) — The European Community competition commissioner, Karel van Miert, has provided a last hope to 700 striking miners in Eastern Germany by saying the Community was not certain to approve a deal under which their mine is due for closure.

Several thousand people held protests at the Bischofferode potash mine over plans to shut it at the end of the year as part of a merger of its parent, Mitteldeutsche Kali AG with Kali & Salz AG, a unit of BASF AG.

The newsweekly Der Spiegel quoted Mr. Van Miert as saying that the EC Commission had serious doubts about the merger. It could not approve it in its present form because of worries that there would only be two major potash producers left dominating the European market.

NTT Puts Off New Digital Network

TOKYO (AP) — Nippon Telegraph & Telephone Corp. has postponed the commercial development of a new digital telecommunications network because of uncertain demand, a press report said over the weekend.

Nihon Keizai Shinbun said the start of the broadband integrated-services digital network service on a commercial basis would be delayed until 1998, three years later than planned.

The new network can send data, including pictures, through a digital network 100 times faster than the current system. NTT planned to invest 45 trillion yen (\$432 billion) by 2015 in the project, which the government also promised to promote as part of the development of nation's infrastructure.

EUROPE: Can Week of Meetings Cure What Ails Germany and France?

Continued from Page 1 along," said Ingo Kolboom, head of the German-French department of the German Society for Foreign Affairs, in Bonn.

At the same time, both sides are expected to press their contradictory positions on a world trade pact and on the speed of European integration.

The Bundesbank, which three weeks ago was accused of having sacrificed the European exchange-rate system for a four-week delay in interest rate cuts, said Holger Fahrkrug, a German economist at UBS Phillips & Drew.

He predicted that the Bundesbank would wait a few weeks to cut rates. A French banker, who declined to be identified, agreed, saying: "The Bundesbank hesitates to act under political pressure. At the same time, if both the Germans and the French are saying the timing of the meetings is coincidence, I'd wager to say that it isn't."

The French-German partnership was strained to the breaking point during the crisis, and in the following weeks, French and German officials have repeatedly attacked each other's visions of the new European order.

Then, last week, German officials scratched another old wound: France's supposed intransigence offers to forge a world trade pact under the General Agreement on Tariffs and Trade. Paris has resisted the so-called Blair House accord between the European Community and the United States that envisions limits on export subsidies.

Officially, neither side is showing any movement on the trade impasse. Unofficially, some observers see a compromise coming.

The last time the Bundesbank discussed cutting its discount rate, which usually sets a floor for market rates, its internationally minded Frankfurt-based directorate was apparently outvoted by regional central bank governors who opposed a trim despite the predictable consequences for Germany's neighbors. The failure to cut the discount rate forced Germany's neighbors to reverse a decade of monetary convergence and virtually abandon the European exchange-rate mechanism.

Officially, neither side is showing any movement on the trade impasse. Unofficially, some observers see a compromise coming.

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BANKS: For Millions of Americans, the New Money Game Is the Answer

Continued from Page 1

Stock Exchange, and analysts say their growth is largely responsible for driving stock prices to recent highs.

Another factor is the emergence of specialized finance companies that are so efficient they can write loans cheaper than most banks.

The second-largest lender in the country is not a bank at all, but a division of General Electric Co. that runs the credit card operation at Montgomery Ward & Co. Finance credit purchases of Apple computers and owns the nation's largest fleet of cargo ships, rail cars and trucks.

A third factor is the spread of what Wall Street calls "securitization," a process by which lenders bundle mortgages and other loans and sell them as a group to investors who receive the monthly loan payments.

Today, 80 percent of all mortgages, 50 percent of college loans and 15 percent of car loans are sold in this fashion, helping to transform banks from providers of money to middlemen and brokers.

Each of these developments has been driven by new technology that allows almost anyone to move money around the economy at the touch of a button.

Automated teller machines, toll-free telephone numbers and computers that can approve simple consumer loans threaten to make the corner branch bank obsolete. And sophisticated computer systems make it possible to pool and sell loans in ways that would have been unthinkable in an era of paper records.

Providing the energy for this financial revolution has been a new, entrepreneurial breed of money managers, working through highly specialized firms, who have picked off one piece of the banking business after another.

Lewis Ranieri, the Wall Street bond trader who helped create the securitized mortgage market, began a recent interview by noting the flow of funds out of banks and tucking off the various loan busi-

nesses that those institutions no longer dominate: big corporate lending, mortgages, real estate loans, college loans, auto loans, credit card, installment loans, equipment leasing.

"One of these days the banks will wake up and wonder, 'What business is left?'" he said.

The shift of funds from banks to mutual funds has created a whole new way to recycle money through the economy.

Unlike banks, mutual funds are prohibited by law from making loans. Instead, they use investors' money to buy securities traded on an open market. So Wall Street has developed a bewildering array of new stocks, bonds and other securities. All accomplish essentially the same purpose of taking money from mutual funds, pension funds and other large investors and passing it on to other financial intermediaries, which lend it to consumers or businesses.

Despite its complexity, this new system for recycling money from savers to borrowers turned out to be more efficient than the simpler under-one-roof mechanism offered by the banks.

To pay for their expensive network of branch offices, check clearing operations and loan officers, a bank needs a "spread" of 3 to 4 percentage points between what it pays to savers as interest on their money at the deposit window and what it collects from borrowers at the loan window.

By contrast, their new high-tech competitors need less than half that spread to make a profit recycling savings into loans and investments.

"Banks have an antiquated distribution system that is two to three times as expensive as the securities market," said Jerome Kenney, executive vice president of Merrill Lynch, the biggest brokerage firm on Wall Street.

Because of the federal deposit insurance that stands behind a bank account, the government strictly regulates what banks can

do and how they can do it. In recent years, the cost of complying with those regulations has increased at a time when many depositors have concluded that they could do without the insurance. This combination of higher costs and a lower volume of business has left banks in a competitive squeeze.

Regulation also has dulled the competitive instincts of the banking industry. Bankers concede that, after living for years with government subsidy and supervision, their industry is saddled with a business mentality that makes it difficult to adapt quickly to new technology and the competition from a new breed of money managers.

"Banks have staked in their own juices," said Mel Blake, a top strategist at Bank of Boston Corp. "They are captives of their own history and that is the biggest obstacle they have to overcome."

Some banks have begun to adopt some of the techniques of their nonbank competitors. To stem the outflow of deposits, banks have begun offering a wider array of investment products, including their own lines of mutual funds. A few banks have begun to set up national networks to market consumer and business loans on a scale rivaling some of the more successful finance companies.

The unintended consequence of

this system was to break up the near-monopoly that banks and thrifts had enjoyed as mortgage lenders. Because the system permits virtually anyone to make a mortgage loan and then sell it, it has spawned a new breed of lenders who show account for half the market, up from one-third five years ago.

Unlike a traditional bank, these specialized mortgage banks have no depositors: They get money to make new loans by pooling their old loans and selling them on the

secondary mortgage market. And rather than paying legions of loan officers, they rely on independent brokers and sophisticated computers to analyze the creditworthiness of a prospective borrower. They can often approve a loan in a matter of hours and arrange to sell it even before the final papers are signed.

Lower costs have given them the freedom to offer lower interest rates, winning them a giant share of the mortgage refinancing boom.

Next: Banks respond.

Last Week's Markets

Table with columns for Stock Indexes, Money Rates, and various market data including Dow Jones, S&P 500, and interest rates.

INTERNATIONAL CLASSIFIED

Large classified advertisement section containing various real estate, business, and service listings across multiple columns.

Large advertisement for TIME magazine featuring a portrait of a woman and the headline 'They talked about who's who and what's what. She had plenty of ammunition.'

MONDAY SPORTS BASEBALL

Dodgers Finish Sweep Of Fading Cardinals With a 3-0 Victory

The Associated Press
Hard-luck Ramon Martinez was for the first time in more than a month and Eric Davis homered as the Los Angeles Dodgers completed a three-game sweep of the fading St. Louis Cardinals with a 3-0 victory Sunday in St. Louis.
Martinez (9-8) struck out six, including fifth-place hitter Ray

NL ROUNDUP

Lankford four times, and walked two in his third shutout of the season. Martinez had been 1-4 in his first six starts since the All-Star break despite a 2.63 ERA, and hadn't won since July 15.
Davis homered in his biggest jam in the third, making an over-the-shoulder catch at the warning track on Bernard Gilkey's liner with runners on first and second and none out. Luis Altes then grounded into a double play.
St. Louis is 18-19 since the All-Star break, and with Sunday's loss missed a chance to cut into the Philadelphia Phillies' 4-game lead in the NL East.
Cardinals' starter Bob Tompkins (13-8) allowed three runs on eight hits in eight innings with a walk and three strikeouts. He's 0-5 for his career against the Dodgers.
Davis led off the fifth with his 14th home run.
In the sixth, Jose Offerman reached base on an infield hit off first baseman Gregg Jefferies' glove and went to third when second baseman Alton Williams fielded the ball but lost it, throwing it into right field for an error. Tony Beasley followed with a sacrifice fly.
Astros 7, Phillies 3: In Houston, Jeff Bagwell and Eric Anthony hit consecutive home runs in the first inning to start Houston on the road to victory over Philadelphia.
Darryl Kile (14-4) allowed six hits in 7 2/3 innings to win his third straight.
While Walker circled the bases,

he made his first three hits were home runs. Bagwell hit his career-high 20th with two outs in the first against Ben Rivera (11-7), and Anthony followed with his 15th of the season. Kevin Riffe made it 3-0 with a one-out homer, his 15th, in the third.
The Astros made it 4-0 in fourth when Eddie Fernandez singled and scored. Houston's 20-center by Chris DeJong also chased Rivera with three runs in the sixth.
Cincinnati's 2-3 Cincinnati, Sean Burnett hit two homers, one inside the park, and drove in six of Cincinnati's seven runs as the Expos completed their first winning road trip since July 15.
Detroit's Jeff Labat liner to right in the fourth inning into a three-run home run. In the fifth, starter Bobby Ayala pitched and completed the biggest day of his career with a sacrifice fly.
Deane Martinez (11-8) gave up five hits over seven innings, including solo homers by Thomas Howard and Jeff Blumquist, to win for the first time since July 8.
Montreal, which hadn't won any of its nine previous road trips, took four out of seven in Chicago and Cincinnati.
In Saturday's games:
Expos 6, Reds 3: In Cincinnati, Reds' rookie pitcher John Roper allowed a grand slam home run on the first swing of the game by a Montreal batter. He accomplished that difficult feat by walking the bases full in the first inning, then giving up the slams to Larry Walker.
Roper (2-3) opened the game by walking Marquis Grissom, Randy Keedy and John Vander Wal on 13 foulballs. Then after falling behind in the count, 7-1, to Walker, Roper threw another hard one down the middle, and Walker lined it over the wall in center for his 16th home.
While Walker circled the bases,



The Royals' Mike MacFarlane kept ball and balance after tagging the Yankees' Mike Stanley.

the 21-year-old Roper realized his mistake. Throw a fastball every time, and major league hitters are going to smash it.
"There's not many times I've been embarrassed on the mound, but tonight I was embarrassed," he said. "I'm young, but I'm a little smarter than that."
Giants 7, Marlins 4: In San Francisco, Scott Sanderson broke his 10-game losing streak, allowing Florida one earned run on five hits in six innings.
Sanderson, a 17-year veteran, was picked up off waivers this month from the California Angels, where he lost his last nine decisions.
Braves 6, Cubs 3: In Chicago, Fred McGriff and rookie Javier Lopez hit two-run homers for Atlanta in the eighth inning.
Dodgers 8, Cardinals 4: In St. Louis, Pedro Astacio allowed one hit over six innings and Jose Offerman drove in two runs for Los Angeles.

Astros 3, Phillies 2: In Houston, Luis Gonzalez's RBI single in the bottom of the 10th inning scored Steve Finley from second base with the winning run.
Rockies 4, Mets 3: Rockies 8, Mets 6: In Denver, Greg Harris earned his first win for Colorado in the first game and Darren Holmes saved both games.
Harris (10-12) was 0-3 in four starts since the Rockies acquired him and Bruce Hurst in a July 26 trade with San Diego.

Jack McDowell became baseball's first 20-game winner of the season, escaping trouble on several occasions Sunday in pitching the Chicago White Sox to a 1-0 victory over the Minnesota Twins at Minneapolis.
Frank Thomas's first-inning home run, one of only three Chicago hits against Jim Deshaies (11-12), was all the support McDowell (20-7) needed to keep the White Sox four games ahead of second-place Kansas City in the AL West.
McDowell allowed eight hits in his fourth shutout and eighth complete game of the season. He became the first White Sox pitcher with consecutive 20-win seasons since Jim Kaat in 1974 and 1975.
The 27-year-old right-hander walked one, struck out 10 and worked out of jams in the second, fourth, sixth and seventh innings.
Blue Jays 12, Mariners 7: In Toronto, Tony Fernandez and Ed Sprague drove in two runs each in a five-run seventh inning as the Blue Jays rallied after blowing a big lead to move one game ahead of New York in the AL East.
Juan Guzman (10-3) allowed six runs on seven hits in seven innings as the Blue Jays salvaged the finale of a three-game series.
The Blue Jays led 5-0 in the third, but the Mariners took advantage of two errors to score three unearned runs and trim the Blue Jays' lead to 5-3 in the fourth.
In the Seattle sixth, Brian Tsurang's double scored a run before Bret Boone hit a two-run single for a 6-5 Mariners' lead.
Royals 7, Yankees 6: In New York, Chris Haney of Kansas City pitched a four-hitter for his first shutout of the season.
Mike MacFarlane's career-high 18th home run in the second inning gave Haney all the support he needed. The Royals scored three times in the fifth and added three more in the sixth, two on Greg Gagne's triple.

McDowell of White Sox Is First 20-Game Winner

The Associated Press
Bernie Williams extended his hitting streak to 29 games for New York with a double and single.
Rangers 11, Orioles 4: In Baltimore, Butch Davis of Texas hit the first inside-the-park homer at Camden Yards, and Rafael Palmeiro

of the Yankees off starter Mike Mag-nante (0-1), including a tie-breaking RBI single in the sixth inning.
Kamieniecki (9-4) gave up two runs and five hits in eight innings.
Mariners 5, Blue Jays 2: In Toronto, Dave Fleming (9-2) gave up two runs on eight hits in seven innings for the Mariners. He left with the bases loaded, none out and a 4-1 lead in the eighth, and relievers Jeff Nelson and Erik Flatenberg held Toronto to one run.
Orioles 6, Rangers 5: In Baltimore, Nolan Ryan injured his rib cage and Tom Henke blew a 9th-inning save opportunity for Texas, later giving up the Orioles' winning run in the 12th.
Jack Voigt opened the 12th with a walk off Henke (5-4), Craig Leferts relieved and gave up a sacrifice bunt to Brady Anderson before Mark McLemore lined an RBI single to left.
Ryan, whose final season has been marred by two stints on the disabled list, left after three innings with a pulled muscle in his left rib cage. He will be examined in Texas.
Indians 10, Red Sox 5: In Boston, Sandy Alomar scored the go-ahead run on a throwing error by reliever Greg Harris in the ninth inning. Boston starter Roger Clemens struggled again in a no-decision, giving up five runs and seven hits in six-plus innings. He has not won since July 21.
White Sox 9, Twins 4: In Minneapolis, Tim Lincecum allowed five hits in 7 1/2 innings and Dan Pasqua homered and drove in three runs for Chicago.
Angels 7, Brewers 6: In Anaheim, California, Chili Davis hit his 18th homer of the season with one out in the ninth inning to give California the victory over Milwaukee.
Tigers 4, Athletics 3: In Detroit, Alan Trammell singled home the go-ahead run in the seventh inning after Oakland intentionally walked Cecil Fielder.
Mike Gallego had three hits for

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, August 20.
(Continued)

Symbol	High	Low	Close	Net
AAA
AAA
AAA

Symbol	High	Low	Close	Net
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Symbol	High	Low	Close	Net
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Symbol	High	Low	Close	Net
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Symbol	High	Low	Close	Net
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MONDAY SPORTS GOLF

Woosnam, a Winner, and Rocca on Team

BIRMINGHAM, England — Ian Woosnam won the English Open on Sunday, for his first victory this year on the European Tour...

"Now I can miss the German Open next week. I've played eight of the last 10 weeks and I'm really tired..." Rocca posted a 69-271 to finish one stroke ahead of José María Canizares of Spain...

He still bogeyed the hole, but he had 30 birdies, and Woosnam, who had already made three birdie putts by then, sank three more at the 8th, 9th and 12th holes...

The third round of play was delayed by rain for 1 hour, 46 minutes. Second-round leader Mark O'Meara scored one point and had 23 points for the tournament...

Tennis Star's Father Denies Abusing Her

ST. PETERSBURG, Florida — Jim Pierce, the father of tennis star Mary Pierce, has denied allegations made by his daughter in a magazine article that he physically abused her...

Mary Pierce told the magazine that she feared for her life and was forced to file for restraining orders to protect herself. "That's not true and Mary knows it," Jim Pierce told the St. Petersburg Times...

SCOREBOARD

Table with columns for Major League Standings (American League, National League) and Friday's Line Scores.

ATHLETICS

Table with columns for 4th IAAF World Championships in Stuttgart, MEET DEATHLINE FINAL STANDINGS, and WOMEN'S 100-METER RELAY FINAL.

SIDELINES

France, Sweden Tie in Cup Qualifier
STOCKHOLM (AP) — Martin Dahlin salvaged a point for Sweden in a European Group B World Cup soccer qualifying match...

SOCCER

DUTCH FIRST DIVISION
Cambuur Leeuwarden 1, Brada 3
Roda JC Kerkrade 2, FC Volendam 0...

NCAA Penalizes Washington Football

MILLBRAE, California (UPI) — The NCAA announced Sunday that the University of Washington's football team will be put on probation for two years...

For the Record

Leslie O'Neal, the defensive end who led the AFC with a career-high 17 sacks last year, signed a three-year contract with the San Diego Chargers...

Saturday's Line Scores

Table with columns for American League and National League scores for Saturday.

Japanese Leagues

Table with columns for Central League and Pacific League scores for Saturday.

WOMEN'S 100-METER RELAY FINAL

Table listing results for the Women's 100-meter relay final.

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MONDAY SPORTS ATHLETICS

A Relay Record for U.S., a Public Redemption for Reynolds



By Ian Thomson
International Herald Tribune

STUTTGART — What began eight days earlier with complaints about prize money ended Sunday with Michael Johnson running for everything but. He already was assured of the World Athletics Championship's standard \$30,000 Mercedes, but he has never looked smarter than in the settling warmth of this late afternoon, his teammates beckoning from the other side of the clock, his long shadow lunging to stay ahead of him.

He completed the 4 x 400-meter relay in a world-record 2:45.29 for the U.S. team. Johnson's leg, of 42.94, was also the fastest ever, and he collapsed into the arms of Andrew Valmon and Quincy Watts, on two good shoes, Watts had broken free and clear, handing an irreparable lead to Butch Reynolds on the third leg. This was the Reynolds of his own making, from the imagination of his two years' exile. He was far out in front, alone, the crowd was boiling over in world record frenzy — that's how every child envisions it will be someday. And not a minute afterward, Johnson fell into his arms and the whole thing came true.

Later, with the world's athletes gathered on the field for the closing ceremony, Reynolds was presented his gold medal by Primo Nebiolo. Nebiolo is president of the International Amateur Athletics Federation, which has been warring with Reynolds ever since he was charged with having failed a drug test in 1990, and Nebiolo presented a medal to no other athlete. When Reynolds leaned down he was grabbed and kissed by Nebiolo on both cheeks.

By the greatest of coincidences, a U.S. court has ruled that Nebiolo's federation owes Reynolds \$27 million. "Primo actually gave me the medal," said the 29-year-old Reynolds.

With six laps left in that race Sunday, leader Moses Tanui of Kenya could be seen offering the lead to Haile Gebreselassie of Ethiopia. "Haile kept stepping on my shoes," Tanui complained. "I asked him to go ahead and take the lead, but he always refused."

Richard Chelimo, who felt victimized by the Moroccan team tactics at the last Olympics, had fallen to a distant third (and there he would finish in 28:06.02) when Tanui began the bell lap, his arms flailing. Apparently the Ethiopian had given him what is known in the schoolyard as a "flat." Tanui's left shoe went sailing off like a hubcap as he sprinted madly into the penultimate turn.

Griming with each step on his bare left foot, Long John Silver was then passed by Gebreselassie, the winner in 27:46.02. Afterward, Tanui picked up his left shoe and shook it. An official Kenyan protest was rejected, just as was the one last summer.

"He stepped on my shoe again with one lap to go," Tanui said. "That's why I kicked the shoe off. He stepped on my shoe because that was the only way he could beat me. I'm really angry."

"I'm very sorry that Tanui lost his shoe, but he was slowing just in front of me and I was running faster," Gebreselassie said. "It was my tactics to follow the leader all the time. I always do that."

The United States won three relays Sunday, losing only the women's 4 x 100-meters in a photo-finish when Irina Privalova of Russia refused to give ground alongside Gail Devers. For the third time this week, women sprinters awaited their fate before the stadium's giant screen television as if it were a religious shrine. In this case it is, of course. It ruled that both teams had finished in 41.49 seconds, while the second-place Americans looked up warily, knowing there is no sense in arguing with the television.

Their male colleagues had hoped to shatter the world record Sunday. They were assured victory on the second leg by the 100-meter silver medalist Cason, but a series of bad handoffs limited them to a winning time of 37.49 seconds.

"We pressed too much," said the anchorman, Leroy Burrell. "We wanted to break the world record, and that cost us some concentration. Our handoffs were nowhere near as good as they were yesterday."

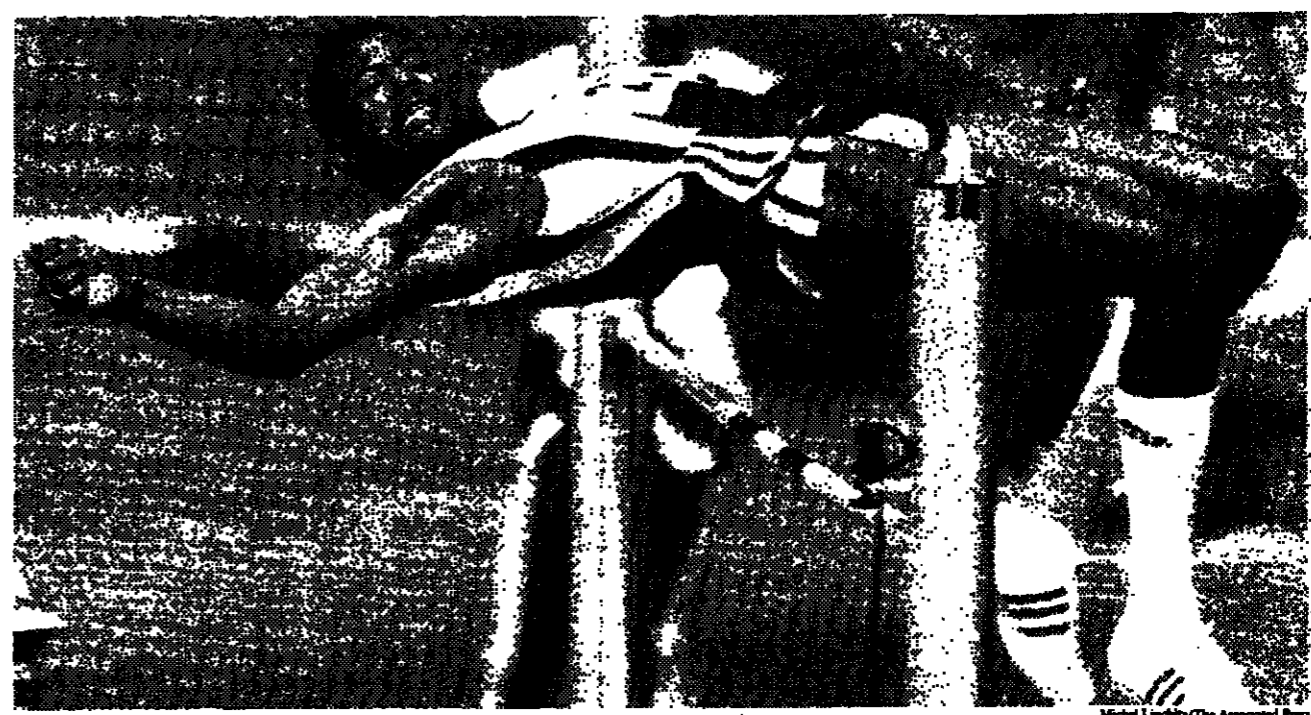
Nonetheless, starter Jon Drummond ran his victory lap as if Muhammad Ali had taken over his body, while his flag-waving teammates tried to recreate the pose from Iwo Jima. On the victory stand, the second-place Britons danced up and down, mocking the American behavior.

The U.S. team won the 4x400 women's relay in a championship-record 3:16.71 seconds, more than 1½ seconds faster than the runner-up Russians. This race was decided by the time Genevieve Torrence had finished her opening lap.

The last Chinese victory came when Liu and her teammate Yi Lu, surged past bronze medalist Hasiba Boulmerka of Algeria in the final lap. As someone with a flag tried to obstruct the hand signals of the Chinese coaches in the grandstands, Lu was quickly passed by silver medalist Sonia O'Sullivan of Ireland, whose time of 4:03.48 was no match for Liu's personal best of 4:00.50.

World-record holder Nourredine Moursli of Algeria, having decided at the last moment to attend this meet after successful negotiations with the IAAF, won the 1,500 meters without stress in 3:34.24. The high jump was won easily by the world record holder, Javier Sotomayor of Cuba, with a leap of 2.40 meters (7 feet, 4.58 inches), and the women's javelin title went to Trine Hattestad of Norway with a throw of 69.18 meters.

China's Liu Dong setting the pace in the women's 1,500 meters, which she won handsily on Sunday.



Javier Sotomayor on his way to victory in the high jump, Cuba's third high jump medal after gold and silver in the women's event.

Not Guilty Plea Seen in Jordan Case

FAYETTEVILLE, North Carolina — The attorney for one of two North Carolina teenagers charged with the murder of Chicago Bulls star Michael Jordan, has said his client will plead not guilty.

Hugh Rogers, who represents 18-year-old Larry Demery, told ESPN Radio on Saturday night that he was trying to corroborate a report that other individuals may have been involved in the July 23 slaying.

"Information exists that a group of individuals were seen milling around the vehicle of Mr. Jordan," he said. "I understood from that information that... perhaps it was a group larger than two individuals."

"In addition, I have received information that perhaps some individuals had been seen fleeing from the scene of the crime prior to the time that my client allegedly came upon the scene."

Demery and Daniel Andre Green were ordered held without bail last Monday pending a hearing on Sept. 3. A county judge appointed the public defender's office to represent Green.

Demery and Green, who also is 18, were charged with first-degree murder, armed robbery and conspiracy to commit armed robbery. If convicted on the murder charge, the two teenagers could face the death penalty under North Carolina law.

County officials said they would seek the maximum penalty. Authorities said they think they know which man pulled the trigger, but have not disclosed that information.

Earlier Saturday, Michael Jordan spoke to the media for the first time since the killing. Jordan declined to answer questions about his father, limiting his statements to the charity golf tournament he is attending in Leesburg, Virginia.

"I'm here enjoying myself," he said. "I'm glad to be around good friends. I'm doing fine. I've got to move forward. My wife has been very supportive. She hasn't let me out of her sight."

Jordan issued a statement Thursday through his agent, David E. Falk of Washington, saying he was "disturbed" and "outraged" by the media's handling of his father's death.

IAAF Halves Krabbe Ban To 2 Years in Drug Case

STUTTGART — The International Amateur Athletic Federation, cutting its original punishment in half, on Sunday banned German sprinter Katrin Krabbe for two years for bringing the sport into disrepute, track sources said.

The IAAF had said earlier in the day that its council had discussed several disputed drug cases, including Krabbe's, but that details would not be officially released until Monday. The IAAF's president, Primo Nebiolo, said that he didn't want to divert attention from the last day of competition at the world championships.

Krabbe, winner of the 100 and 200 at the 1991 championships, was suspended for four years after failing an out-of-competition drug test last year.

In contradiction of IAAF sanctions, the German federation DLV reduced the suspension to one year. The DLV said it had no provisions for out-of-competition testing in its own rules and that German courts don't accept a four-year ban.

In May, the IAAF Council said Krabbe would remain suspended until it decided whether the case needed to go to arbitration.

The German federation has been pushing the IAAF Council to make a final decision or take the case to arbitration.

The avoid arbitration, the council decided to suspend Krabbe for two years for bringing the sport into disrepute, but not on doping charges. No arbitration can be called in case an athlete is suspended on disrepute charges, said the sources, who spoke on the condition of anonymity.

The ban means Krabbe will not be able to compete at the 1995 World Championships in Gothenburg, Sweden, just as she missed the worlds that ended Sunday in Stuttgart.

As of Sunday, three positive drug tests had been announced at the Stuttgart championships.

The latest involved Olympic discus champion Romas Ubartas of Lithuania, who finished fourth here. The IAAF said he tested positive for the anabolic steroid boldenone and faced a four-year ban.

Javelin thrower Dmitry Polyutin of Uzbekistan and 800-meter runner Liliya Nuritdinova of Russia also faced four-year suspensions after testing positive for the anabolic steroid stanozolol.

Three other doping cases were on the IAAF council's agenda.

John Ngunjiri, the five-time world cross-country champion from Kenya, was banned for four years after refusing to submit to an out-of-competition test earlier this year. The Kenyans are pressing for an arbitration hearing in the case.

Iris Biba, a German 10,000-meter runner, is contesting a drug ban on grounds of "exceptional circumstances," said Istvan Gyulai, the IAAF's general secretary.

So is Russian hurdler Lyudmila Narozhilenko, who claims that her estranged husband put steroids into her prescribed medication.

"Usually if a person outside your knowledge gives you something this is not regarded as exceptional circumstances," Gyulai said.

Five Medals in Track Cycling Give Australians a Pretty Fair Advance

HAMAR, Norway — Australia recorded its best medal haul in the 100-year history of the world cycling track championships, taking its tally after Sunday's final day to three golds and two silvers.

No other nation gained more than one title from the 11 championships, which were decided over six days on the 250-meter wooden track in the Olympia Hall.

Etienne de Wilde, a 35-year-old Belgian who has twice won stages in the Tour de France, won the 50-kilometer points final Sunday.

He said: "I did not ride the Tour de France this year so I had reserves for this race. I had a lot of help from my team mate Gunter de Winne and a few friends who had no chance of winning."

De Wilde was one of six riders who lapped the field with 69 of the 160 laps to go. He finished nine points clear of silver medalist Eric Chiappa, who gave Italy its third tandem title in four years.

The bronze went to Arnost Dremarek and Lubomir Hargas of the Czech Republic without a ride-off; Germany Emanuel Raesch and Markus Nagel were disqualified Saturday for deliberately causing a crash in their semifinal against Australia.

Gary Neirand led the way with victories Friday in the sprint and Saturday in the keirin, the Japanese-inspired, motorcycle-aided event, to go with the gold won by his country's 4-kilometer team pursuit specialists.

But the Australians had to settle for silver on Sunday when Stephen Pate and Danny Day failed to hold Federico Paris and Roberto Magnin, of France, with the bronze going to Vasilii Iakovlev of Ukraine.

Jens Veggerby took the motor-paced championship by finishing second in the first leg and winning the second. It was Denmark's first world track title since 1987.

Roland Knipschloss of Austria was second and Carsten Podiesch of Germany third.

The Norwegian track has produced six world records inside five weeks, including one-hour and 4-kilometer pursuit marks by Graeme Obree of Scotland, but it is being dismantled on Monday.

The 56 kilometers of plankings that make up the track surface will be used for firewood. The Olympia Hall will stage the speed skating events at next year's Winter Olympics. (Reuters, UPI)

Women Jumpers' Strong Debut

STUTTGART — Ana Biryukova of Russia became the first woman to break 15 meters in the triple jump when she set a world record of 15.09 to win the gold medal at the championships on Saturday.

In other events Saturday, China's women dominated another distance race, the 10,000 meters, with a gold-silver finish; Kenya's men came in 1-2 in the 3,000-meter steeplechase; Cuba's women high jumpers gave their country its first medals of the championships, a gold and a silver; and Werner Gunthor of Switzerland won the men's shot put.

The Russian triple jumper, Biryukova said beat the previous record holder, her teammate and training partner Yolanda Chen.

"It still hasn't sunk in. I'll need a few days to realize what happened," Biryukova said.

Chen had set the old mark of 14.97 on June 18, in Moscow.

"I was erratic in my approach. I am not happy with the silver but I am happy for the coach," Chen said.

Chen and Biryukova are both coached by Vladimir Plekhanov.

Chen took the silver at 14.70, while Iva Prandzheva of Bulgaria, in her first year of triple jumping, clinched the bronze with a jump of 14.23. This was the first time the women's triple jump has been held at a major championship.

"The new era began tonight when Ana went over 15 meters," Chen said. "This is where the event is heading to. Any long jumper capable of doing 6.70 meters should be able to do about 15 in the triple."

Meantime, 18-year-old Wang Junxia dominated opposition to win the 10,000 meters ahead of Zhong Huandi, China's second 1-2 finish in the women's distance events. The Chinese had swept all the medals in the 3,000 meters.

Selina Barosio of Kenya took the bronze in the 10,000, despite being warned for pushing during a chaotic opening to the race.

After finishing third, Barosio was first scrapped from the official results for showing favorite Elana Meyer of South Africa. But she was later reinstated and her initial disqualification was called an error, IAAF spokeswoman Jayne Pearce said.

Wang ran away from the pack with about 2.5 kilometers to go and finished 150 meters ahead of her compatriot in a time of 30 minutes, 49.30 seconds.

Zhong took the early lead in the race, taking Wang, Barosio and Tecla Loroopu of Kenya, who finished fourth, in her slipstream.

During some early shuffling, Barosio appeared to push Meyer, who later abandoned the race. "It wasn't the right decision to give up. But I've been pushed each round. It was terrible," Meyer said.

Barosio also complained. "There was a lot of pushing going on," she said. "The Chinese were pushing from both sides."

Calling Barosio's initial disqualification a "collective error," Pearce said that the warning had

initially been misinterpreted as a disqualification, causing officials to drop her from the result.

She said there had been no protest by any delegation to remove Barosio from the bronze medal position.

In the men's steeplechase, Moses Kiptani won the gold medal ahead of fellow Kenyan Patrick Sang, a repeat of the finish at the 1991 championships in Tokyo.

Kiptani posted a time of 8:05.36, the fastest time in the world this year. "I knew I was going to win," Kiptani said. "I went to the front, I controlled the pace. I didn't want a slow pace because I knew that my teammates are fast in the last 200."

Sang, the Olympic silver medalist, took the silver again, in 8:07.53. "I came here not for silver but for gold, but I knew my friend would be very tough to beat," Sang said.

Alessandro Lambruschini of Italy captured the bronze in 8:08.78, a personal best, and prevented a Kenyan sweep.

Joanmet Quintero led the 1-2 Cuban finish in the women's high jump by clearing 1.99 meters, and then dedicated her victory to Cuban leader Fidel Castro.

Silvia Costa took the silver at 1.97. "It was a nice double for Fidel," Quintero said.

Sigrid Kirchman of Austria captured the bronze by also clearing 1.97, a national record and a personal best.

Asked what she will do with the Mercedes car given to all gold medalists at the World Championships,

the 21-year-old Cuban athlete said: "I haven't made the decision yet, but I'd like to keep it if possible; there are not too many Mercedes cars in Havana."

Gunthor, the Swiss, captured his third consecutive shot put title with a winning throw of 21.97 meters. Gunthor, who won his previous titles in 1987 and 1991, recorded his winning toss in the first round of the competition.

Randy Barnes of the United States, the world record-holder at 23.12 who's coming off a two-year suspension after testing positive for doping in 1990, finished second at 21.80.

The bronze medal went to Olympic champion Mike Stulce of the United States at 20.94.

Also Saturday, Jesus Angel Garcia held off a late charge by Finland's Valentin Kononen to win the 90 kilometer walk, clinching a double for Spain in the men's walking events.

Russian Valery Spitsyn took the bronze.

Competing in sweltering heat, with temperatures reaching 27 degrees centigrade (81 Fahrenheit) and humidity at 60 percent, Garcia finished the race in 3 hours, 41 minutes and 41 seconds. It was the best time of the year. Kononen finished 21 seconds back.

Garcia said he would give his Mercedes prize to his father, a taxi driver in Madrid.

The defending champion, Alexander Potoshov of Belarus, was disqualified for running during the race.

UCI Studying 2 Tours for Cyclists

HAMAR, Norway — Leading cyclists such as the three-time Tour de France winner Miguel Indurain could be separated from their less successful colleagues in a new circuit of elite races, the International Cycling Union said Sunday.

The UCI is studying the possibility of splitting the current crowded program of professional racing which runs from February to October.

The big teams would contest the major tours of France, Italy and Spain, the World Cup series and some other races, while other teams would have their own "second division."

"It is quite revolutionary, and will have major consequences," said Hein Verbruggen, the Dutch president of the UCI. "However we are only just beginning to work on the plan. It could be 1995 or '96 before anything is implemented."

There would probably be a points system, but the current ranking system would still be separate," Verbruggen said.

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Genet: Retracing Steps on a 'Path of Sin'

International Herald Tribune
PARIS — Outcast and literary lion, an invert who literally inverted traditional morality (his cardinal virtues were homosexuality, theft and treachery) Jean Genet claimed that his life had its own form of sanctity: "It leads to heaven by the path of sin." He left school at 13, was frequently arrested from 1925 to 1943, became the subject of books by Sartre and by Derrida, who found his

MARY BLUME

lucidity frightening, and in 1983, three years before his death, was awarded the French government's Grand Prix des Arts et des Lettres which he did not trouble to fetch, sending instead, according to a Paris newspaper, "a superb black man 15 years old." He is buried in Morocco, in a tomb vandalized soon after his death.

"Jean Genet had remarkable powers of self-transformation," Edmund White writes in his new major biography, "Genet," published in London by Chatto & Windus and soon to appear in Germany, France and the United States. Himself a novelist known, like Genet, for his autobiographical fiction, White does not seek a logic in Genet's life, respecting the fabulist's stance. "There's probably not a single man who doesn't desire to become fabulous, on a large or reduced scale," said Genet whose scale was large, as is White's 800-page book.



Genet at 16 in the Mettray juvenile detention center.

"I think a lot of people who tackled Genet start off with the position that he was a big liar, they want to show the man behind the mask because they catch on quite quickly to the idea that the novels are not accurate as biography," White says. "My strategy was different because I felt that since he never painted a pretty picture of himself in his books, if anything tended to besmirch his reputation, there was usually an artistic reason for changing things around."

White considers Genet, along with Céline, to be France's finest writer since Proust. While the received opinion is to prefer Genet's plays — "The Maids," "The Balcony," "The Blacks," "The Screens" — White's own preference (and he says most present-day Genet scholars agree) is for the earlier prison-inspired novels.

"To me the plays are like Elizabethan plays, they're very rhetorical, they depend more on the beauty of the language than on action and I think audiences are doubtful about them but don't like them very much."

The novels emerged in an atmosphere of scandal and I think they still have an aura of pornography or scandal about them. But I think only now are people able to look at them as works of art, they've cooled off enough to be re-evaluated. I find Genet unbelievably brilliant in his metaphor, in his use of language," White says. "He's a great poet. And like a lot of great poets in prose he doesn't write very good poetry."

Genet was born in Paris in 1910 to an unwed mother who abandoned him. As a ward of the state he was sent to the Morvan area which, since its fireweed industry had foundered in the late 19th century, lived from foster parenting. Although Genet never revealed the town he was raised in (White manages to identify it) and liked to picture himself as a poor outcast, his foster family was comfortably off and kind. The boy was thought effeminate and shy but was a top student. Life began going awry when he refused to become a farm worker and ended in the notorious juvenile detention center of Mettray. Here he found sexual partners (he preferred usually-heterosexual men) and invented his aesthetic and hierarchic appreciation of evil and crime.

Italian and German terrorists. He systematically betrayed his friends — difficult, he admitted, but worth it — and his cult of treachery is one of his aspects that White found hardest to take.

"I was brought up a Christian Scientist and Christian Scientists don't believe in evil, they just start to laugh when people put on satanic airs, it seems ludicrous to us. But because of that I felt obliged to reinterpret both the urge towards treachery and the urge toward evil in a psychological way which I happen to think is right."

If he had problems with Genet, White thinks Genet would have had even greater problems with him. "He didn't like Americans, he didn't like white people, he didn't like middle-class people, he didn't like writers, and he didn't like homosexuals. So on all five counts I would have been out."

Born in Ohio in 1940, White became famous for "A Boy's Own Story" (1982), the first part of an auto-fiction trilogy. The second part, "The Beautiful Room Is Empty," came out in 1988, two years after the Genet book was commissioned. His publisher's description of "Genet" as a "perfect match of author and subject" suggests, rather demeaningly, that White's sexuality is his chief credential.

A founder of the Gay Men's Health Crisis and himself HIV positive, White is considered a marginal writer in the United States. In Paris, where he lives, he has been called the greatest American writer since Henry James. In Britain, where he is always described as charming, he says he is better known than Genet. "I say that in all modesty," he adds.

The key text to Genet has traditionally been Sartre's "Saint Genet, Comedian and Martyr" (1952), to which White gives little space since Sartre never claimed it was a biography and it is more a study of Sartre than of Genet. White thinks that, with "Les Mots," it is Sartre's best book but describes it, appropriately, in terms of its effect on Genet.

Genet's claim that the book was to blame for his seven-year writer's block is chronologically unsound, White says, but he thinks Sartre did encourage Genet, disastrously, toward abstraction and away from anecdote. "It wasn't until he abandoned all that and turned to the theater that there was a genuine new beginning."

After the plays, Genet wrote little, delivering himself to the Black Panther and Palestinian causes. White's suggestion is that Genet's block and his passion for what White called the dispossessed of many lands was prompted in part by a presidential pardon in 1949 which ended his life of crime. "I wrote in prison," Genet said. "Once free I was lost."

Inevitably, White says, the third volume of auto-fiction that he is working on is influenced by Genet. "It seems to me that my story is rather mild compared to his — anything would. But I think one thing that is good is that Genet was a great risk-taker and I find I'm interested in taking risks in this new novel. I depend a lot more on charm than he does. I try to take the reader into my confidence, it's a strategy I feel comfortable with and I think it's more endearing to the reader than Genet's rather rebarbative and hostile style. But I am under no illusions that I am as good a writer as Genet."

The new novel is called "The Farewell Symphony" after the Hayden work in which one by one all the musicians get up and leave the stage. "Which," White says, "is the way one feels as a survivor in the age of AIDS."

LANGUAGE

Style War: English vs. Murkin

By William Safire

WASHINGTON — Whose English language is it, anyway? From the tone of the new "BBC News and Current Affairs Stylebook and Editorial Guide," you'd think the Brits invented it. With unmistakable disdain, the broadcasters in London call what we speak "American." As a user of Murkin English, I rise to the defense.

"English is a language that is constantly evolving," writes Tony Hall, British Broadcasting Corp.'s managing director of current affairs, "and we must recognize when change has taken place. That is a task that requires judgement. Hence this style book."

If he wants to spell recognize with an *s* or judgment with an *extra e*, that's O.K. (an Americanism) with me. But when he writes three times in his forward about a style book, two words, when the book is titled *stylebook*, one word, he betrays a certain inconsistency. Gotta be this or that; can't have it both ways. (The subjects in those clauses are *it* and *you*, both understood; I can constantly evolve, too.) Both The Associated Press and The New York Times call their manuals *style stylebooks*, without wavering; the new Columbia Guide to Standard American English calls itself a *usage book*.

"In English," goes the BBC stylebook's style book (putting a comma after the "English"), "to look like means to resemble." In American, (the BBC stylist inexplicably leaves out the comma after the parallel construction) "it means also to look likely." So Americans say: "It looks like rain later." The BBC prefers *looks as though* or *looks as if* to *looks like*.

The real likes as usage controversy, which the BBC fails to deal with, is the mistaken use of *like* as a conjunction, "like a cigarette should." The correct way to introduce that clause is with *as*. The way to use *like* in comparisons is as a preposition requiring an object: "Nothing improves the complexion like fog."

"But the BBC does not adopt Americanisms until they have become commonplace in good spoken English in this country. So we would draw the line [why the conditional word? Over goes Orwell again] at *diaper*, *drug-store*, *sidewalk*, etc., at Americanisms which [sic] simply stretch words needlessly (*transportation*), and at the American habit of turning nouns into verbs (to *hospitalize*)." □

It has a good point on the unnecessary *-ation* tacked on *transport*. They join many speakers of Murkin in deploring *hyperverbification*, a noun coined at this very moment, based on the new verb *hyperverbify*. But what of collective nouns like *government*, *company*, *public*? In this paragraph, I have referred to the BBC as both a (singular) and they (plural); which is correct? In Murkin, groups take the singular. The BBC is in English, as the BBC restrictively calls its local dials, you hear "the government have" or "the public are." That's their way, as they would put it, or its way, as we would put it; we're both correct in our own ballwick. And the BBC usefully adjusts its announcers to avoid miming singular and plural pronouns in "false construct" — *the data is* or *the data are*. The New York Times says taking no position on whether collectives take singular or plural verbs, and then wimping out. (You can begin successive sentences with conjunctions if they're long sentences; doesn't sound choppy.)

Murkin says: Collectives collect, and the bunched-up bunch is construed as singular. "Nouns that denote a unit take singular verbs and pronouns," decrees the AP Stylebook. But some plural nouns when the group is taken as a unit, "the data is *is*," is right when you view the data as individual items, you can say, "The data have been carefully collected."

Murkin uses that same sensible practice (we spell practice with a *c*) when it comes to *none*. When you mean "not one," it takes the singular: "none is." When you mean "not any," it takes the plural: "none are." Form follows function; construct the way you intend to use it, and don't let some cackalamic rule force you into it, and you'll be fine. The New York Times says what you do not mean. "None" construes as a plural stylebook has it right: "None. Construe as a plural unless it is desired to emphasize the idea of *not one* or *no one* — and then it is often better to use *not one* or *no one* instead of *none*."

As the BBC does, *None*, like *no one*, insists this suddenly prescriptive pedant, "always takes a singular verb." All of us are human. None of us is perfect. None of these BBC usage rulings are sacrosanct. However, when American English calls for "an audience with the queen," we would do better to say "an audience of the queen." That's the BBC way, and in this instance, Murkin would do well to follow it. (And when we're with her, we should say something like "Looks as if raining.")

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New York Times Signature

INTERNATIONAL CLASSIFIED

Appears on Page 12

WEATHER

Forecast for Tuesday through Thursday, as provided by Accu-Weather.

Europe: High 18-20, Low 8-10, Wind 10-20 mph, Clouds Partly cloudy. Precipitation 0-10%. Major cities: London 18-22, Paris 15-18, Rome 20-25, Moscow 12-15.

North America: High 15-20, Low 5-10, Wind 10-20 mph, Clouds Partly cloudy. Precipitation 0-20%. Major cities: New York 12-18, Chicago 10-15, Los Angeles 15-20, Mexico City 12-18.

Asia: High 25-30, Low 15-20, Wind 10-20 mph, Clouds Partly cloudy. Precipitation 0-10%. Major cities: Tokyo 22-28, Seoul 18-22, Beijing 15-20, Hong Kong 25-30.

Africa: High 20-25, Low 10-15, Wind 10-20 mph, Clouds Partly cloudy. Precipitation 0-10%. Major cities: Cape Town 18-22, Johannesburg 15-20, Cairo 22-28.

Latin America: High 20-25, Low 10-15, Wind 10-20 mph, Clouds Partly cloudy. Precipitation 0-10%. Major cities: Mexico City 18-22, Lima 15-20, Santiago 12-18.

Oceania: High 15-20, Low 5-10, Wind 10-20 mph, Clouds Partly cloudy. Precipitation 0-10%. Major cities: Sydney 12-18, Melbourne 10-15, Auckland 15-20.

Legend: H=High, L=Low, W=Wind, P=Precipitation, C=Clouds, S=Showers, M=Thunderstorms, A=Advisories, L=Light, S=Strong.

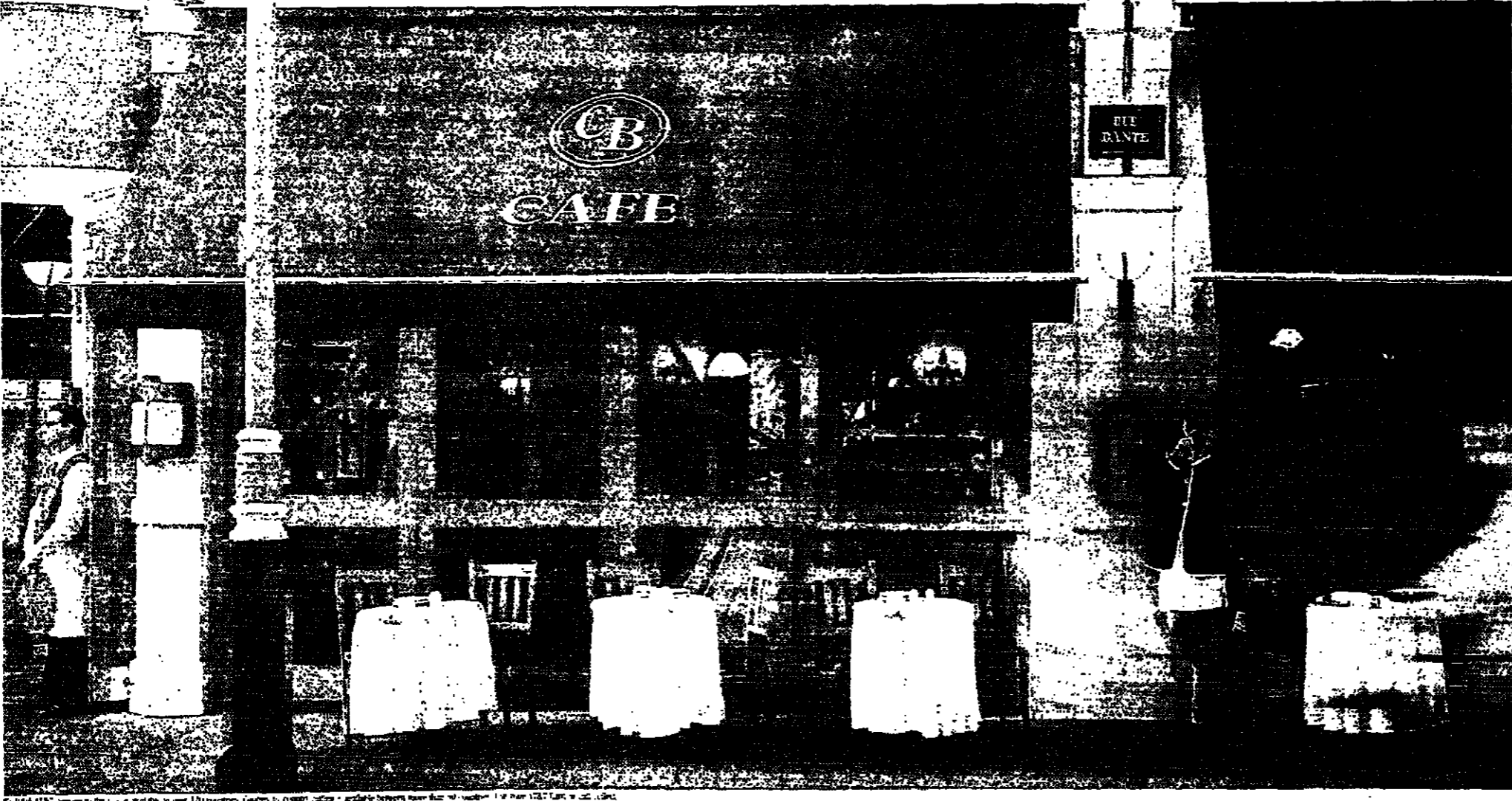
CROSSWORD

ACROSS: 1 Minute dispute, 8 ... pile on Pelion, 13 Carry, 14 Ta-ta, to Tomás, 15 Bribe money, 16 Sign, 17 Secret cooperation, 18 Terminate, 21 Charge with gas, 22 Medieval crucifixes.

DOWN: 23 TV-news network, 24 Dazed condition, 26 By chance, 30 Soft back or hump, 32 Surround firmly, 34 Ray, 38 Lamb's pseudonym, 37 Like certain seeds, 39 Medieval gold and silk brocade, 40 River to the Rhine, 41 Hindle, 44 Tomid, 45 Whose rabbinic president, 47 Neckwear for milch, 48 Path of trav., 49 Pal, 51 Short sock, 55 Board-game pieces, 58 Rough and noisy, 60 Had on, 61 Once, once Rambles, 63 Italian noble family, 64 Colleen, 65 Makes a lap, 66 Obse necessity, 67 Alices of TV, 68 Saccidee, 69 White heron, 70 Classic autos, 71 Aquatic mammals, 72 Alicia of TV, 73 Saccidee, 74 White heron, 75 Classic autos, 76 Aquatic mammals, 77 M.L. landing vessels, 78 Chesterfield, e.g., 79 Art Deco artist, 80 Requisite, 81 Louis XIV, e.g.

Solution to Puzzle of Aug. 20: HECHT EWEA GURU OTHER MALLO ARDU THINE PRIMAVERA TAM BE DADE UNIS ARSENE BBO BECH POSSILFUEL HOSEAR APOLLO ELATE GUNO DEVIETY LINGUM TURETYPE CAPA TORGIO DOLL ATIA PITY HAD LAE LIPEXTOMY ASPIC OVAL LUBE JOINT WERT EYAS ANTES

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